PUBLISHED REPORT

PhilRatings
PHILIPPINE RATING SERVICES CORPORATION

ISSUER CREDIT RATING REPORT

ALSONS CONSOLIDATED RESOURCES, INC. (ACR)

Date: December 15, 2025

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Analyst's Note:
For this rating exercise, the Issuer Credit Rating is being assigned in relation to the Alsons Consolidated Resources, Inc.'s (ACR; the Company) ₱3.0-billion Commercial Paper (CP) Program. In view of such, from a rating standpoint, a maximum outstanding CP issuance of ₱3.0 billion at any one time was considered. At present, the Company has outstanding CPs amounting to ₱1.156 billion. Proceeds of the CP issuance will be used by the Company for debt refinancing and working capital purposes.

ACR's outstanding CPs as of November 17, 2025

Tranche	Amount (in PhP billions)	Issue Date	Maturity Date	Assigned Rating	Assigned Outlook
Series AAB	1.1560	Feb. 10, 2025	Feb. 9, 2026	PRS Aa (corp.)	Stable
Total CP – ₱1.156 billion					

A company rated **PRS Aa (corp.)** differs from the highest rated corporates only to a small degree and has a strong capacity to meet its financial commitments relative to that of other Philippine corporates.

A **Stable Outlook** is defined as: "The rating is likely to be maintained or to remain unchanged in the next twelve months."

PhilRatings notes that ACR was able to pay all its CPs which matured since the last credit rating review.

ACR's CPs that matured since the last rating review

Tranche	Amount (in PhP billions)	Issue Date	Maturity Date
Series W	0.8633	Jun. 16, 2023	Jun. 14, 2024
Series X	0.3301	Nov. 29, 2023	May 29, 2024
Series Y	0.8189	Nov. 29, 2023	Nov. 27, 2024
Series Z	0.5167	May 24, 2024	Nov. 22, 2024
Series AA	0.4440	Feb. 10, 2025	Aug. 11, 2025
Total CPs – ₱2.973 billion			

RATIONALE

Strategic joint ventures with established partners. ACR maintains key joint ventures with established industry players to support its power generation portfolio. Its diesel-fired power plants, Western Mindanao Power Corporation (WMPC) and Southern Philippines Power Corporation (SPPC), are joint ventures among ACR (80%) and Aboitiz Power Corporation (AP; 20%). In 2025, ACR increased its equity in WMPC and acquired a 25% stake in SPPC through its renewable energy subsidiary, Alsons Renewable Energy Corporation (AREC), reinforcing its position in these partnerships.

Alsons Thermal Energy Corporation (ATEC), which is the holding company for ACR's coal-fired power assets, is currently in partnership with Global Business Power Corporation (GBPC). With GBPC's track record as the leading power producer in the Visayas, ACR can build up its power projects in Mindanao and Western Visayas, particularly following the full energization of the Mindanao-Visayas Interconnection Project in 2024.

Planned expansion projects to further diversify its generation mix. As of June 2025, ACR's installed capacity stood at 515.07 MW, with 82.9% contracted. Its generation mix remains largely diesel-based, with coal and hydro sources contributing smaller shares. The Company is actively diversifying its portfolio by expanding both renewable and conventional assets, aiming to increase its hydro, coal, and diesel capacity by 217.8 MW alongside 188 MWp of solar projects. This will raise total capacity to 732.87 MW plus solar once completed.

The commissioning of the 14.5 MW Siguil Hydro Power Plant marked ACR's entry into renewable energy, with further hydro and solar developments underway in strategic locations such as Negros Occidental, Zamboanga del Norte, General Santos, and Sarangani. Additionally, the Company is repurposing its 55 MW diesel facility in Sarangani for solar energy and advancing an 83 MW backup power plant in Bohol. These initiatives demonstrate ACR's commitment to enhancing grid reliability and accelerating the transition toward cleaner, more sustainable energy in Mindanao and the Visayas.

Investing in renewable energy also helps diversify ACR's revenue mix and mitigate risks from fuel price volatility and regulatory constraints. This strategy aligns with broader market trends, including the decline of coal-fired power generation in the Philippines and government policies promoting a cleaner energy mix. With Mindanao targeting a 50% renewable energy share by 2030—exceeding the national target—ACR's expansion projects are well positioned to support and benefit from the region's energy transition.

Sustained profitability supported by operational efficiencies. In 2024, ACR's consolidated revenues increased slightly by 1.0% to ₱12.54 billion, supported by steady energy dispatch across its power generation units amid sustained demand. The Company effectively controlled costs, with the cost of services declining by 3.6%, primarily due to lower fuel expenses and improved operational efficiencies. General and administrative expenses also decreased by 3.6%, reflecting disciplined expense management. These factors contributed to stronger margins, with operating profit margin (OPM) improving to 33.3% and EBITDA margin rising to 46.6%. Equity earnings from subsidiaries also saw notable growth, bolstering overall profitability. As a result, consolidated net income increased by 10.4% to ₱2.53 billion, with key profitability ratios showing positive trends.

In the first nine months of 2025 (9M2025), revenues were lower by 0.1% at ₱8.90 billion, mainly due to reduced dispatch at WMPC following regional system improvements, partially offset by strong performance of MPC and Sarangani Energy Corporation (SEC). This was accompanied by a 4.6% decline in the cost of services, driven by fuel savings, operational efficiencies, and the contribution of the recently commissioned Siguil Hydro Power Plant. These cost efficiencies supported stronger margins, with the OPM rising to 36.02% and the EBITDA margin improving to 50.66%. General and administrative expenses increased due to higher employee-related and travel costs, while finance charges grew as interest on the Siguil plant was recognized during the period. These factors resulted in a 3.9% decrease in consolidated net income to ₱1.82 billion.

Looking ahead, ACR expects steady growth in revenues and net income over the next two years, supported by new project operations and expanded capacity. Profitability margins are also projected to improve, reflecting ongoing cost management and operational efficiencies alongside the ramp-up of renewable and ancillary service revenues.

Healthy cash flows backed by consistently positive operating cash. ACR maintained positive operating cash flows, with net inflows from operating activities totaling ₱5.1 billion in 2024, lower than ₱6.4 billion in 2023 but still sufficient to support ongoing operations and financial obligations. Cash used in investing activities remained steady at ₱2.27 billion, reflecting mainly the completion of capital expenditures related to the Siguil Hydro Power Plant. Net cash used in financing activities decreased to ₱2.9 billion in 2024, as higher loan availments partly offset repayments and dividend payments.

In 9M2025, net cash inflows from operating activities were ₱1.80 billion, down from ₱5.04 billion in the same period last year. This decline was primarily due to increased prepaid expenses and higher deposits into the Debt Service Reserve Account (DSRA), a contractual requirement to ensure sufficient funds for scheduled principal and interest payments. Cash used in investing activities increased sharply to ₱4.78 billion, mainly due to the Company's acquisition of Toyota Tsusho Corporation (TTC)'s minority interest in some of its subsidiaries. Financing activities showed a net inflow of ₱3.03 billion, reversing the prior year's outflow, on account of lower loan repayments and higher borrowings.

As of end-September 2025, cash and cash equivalents stood at ₱2.35 billion, slightly higher than the ₱2.3 billion recorded at the end of 2024. The Company's operating cash flows remain a key source of funding, supporting its capital expenditures, debt servicing, and compliance with reserve account requirements.

BUSINESS RISK

COMPANY BACKGROUND

ACR is a publicly listed investment holding company of the Mindanao-based Alcantara Group (the Group), through its ultimate parent, Alsons Corporation. It has core interests in energy and power generation, as well as property development.

ACR was originally known as Victoria Gold Mining Corporation and was later renamed as Terra Grande Resources, Inc. Established in 1974, it was formerly engaged in the business of oil exploration, petroleum and other mineral products. In 1995, it changed to its current name, and it shifted its primary purpose to that of an investment holding company to mark the entry of the Alcantara Group.

Listed below are the subsidiaries and associates of ACR as of end-September 2025. These companies are primarily engaged in investment holding, power generation, management services and real estate development.

Table 1: List of Subsidiaries of ACR as of end-September 2025

Subsidiaries	Nature of business	Direct	Indirect
Conal Holdings Corporation (CHC)	Investment holding	100.00	–
Alsing Power Holdings, Inc. (APHI)	Investment holding	20.00	80.00
Western Mindanao Power Corporation (WMPC)	Power generation	–	80.00
Southern Philippines Power Corporation (SPPC)	Power generation	–	55.00
Alto Power Management Corporation (APMC)	Management services	–	60.00
APMC International Limited (AIL)	Management services	–	100.00
Mapalad Power Corporation (MPC)	Power generation	–	100.00
Ubay Power Corporation (UPC)	Power generation	-	100.00
Alsons Renewable Energy Corporation (AREC)	Investment holding	80.00	–
Siguil Hydro Power Corporation (Siguil)	Power generation	–	80.00
Kalaong Power Corporation (Kalaong)	Power generation	–	80.00
Sindangan Zambo-River Power Corp. (Sindangan)	Power generation	–	80.00
Bago Hydro Resources Corporation	Power generation	-	80.00
Alabel Solar Energy Corporation (ASEC)	Power generation	-	80.00
Alsons Green Energy Corporation	Power generation		80.00
Alsons Renewable Resources Corp	Power generation		80.00
Southern Philippines Power Corporation	Power generation		25.00
Alsons Thermal Energy Corporation (ATEC)	Power generation	50.00*	–
Sarangani Energy Corporation (Sarangani)	Power generation	–	50.00
ACES Technical Services Corporation (ACES)	Management services	–	50.00
San Ramon Power, Inc. (SRPI)	Power generation	-	50.00
Alsons Power International Limited (APIL)	Power generation	100.00	–
Alsons Land Corporation (ALC)	Real estate	99.55	–
MADE (Markets Developers), Inc.	Distribution	80.44	–
Kamanga Agro-Industrial Ecozone Development Corporation (KAED)	Real estate	100.00	–
Alsons Power Supply Corporation (APSC)	Customer Service	100.00	–

**50% ownership plus 1 share of the total voting and total outstanding capital stock.*

BUSINESS SEGMENTS

The Company's core businesses are grouped into two major business segments – (1) Energy and Power and (2) Property Development. Aside from the foregoing, however, ACR is also engaged in other activities such as product distribution and investment holding activities. In the following table, these are shown in aggregate as 'Other Investments'.

ACR's Energy and Power segment remained as the Company's main source of revenue from 2023 through the first nine months of 2025 (9M2025) as shown in Table 2. The Property Development segment, on the other hand, had a marginal contribution of less than 1% during the abovementioned periods. ACR's Other Investments ranked a distant second to the Energy and Power segment in terms of revenue share, accounting for 13.3% of the total revenues in 2024 and 12.9% in 9M2025.

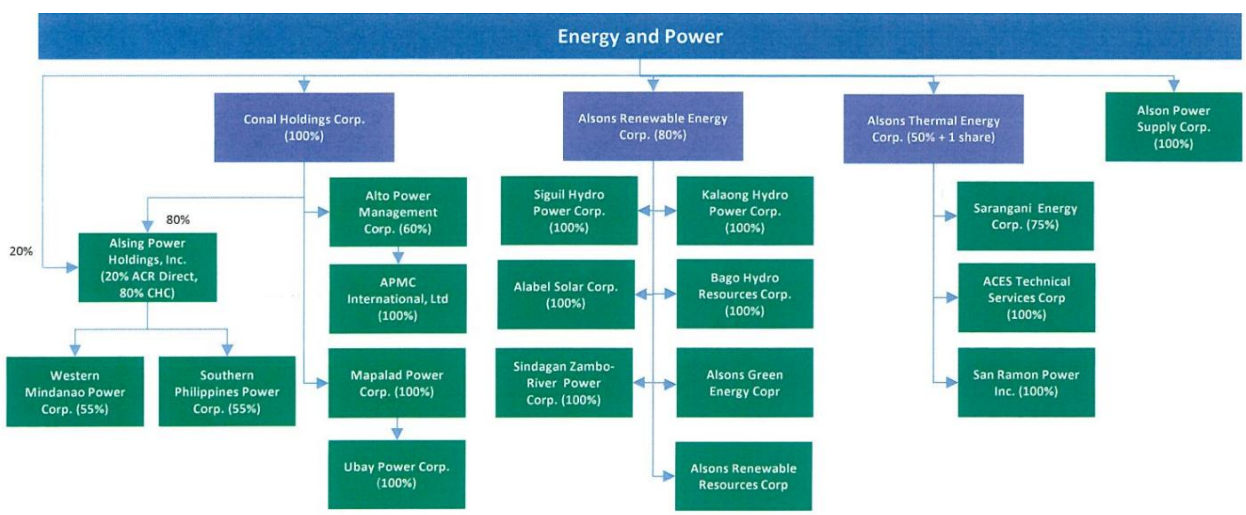
Table 2: Revenue Breakdown

	Amounts in PhP millions				% of Total			
	2023	2024	9M2024	9M2025	2023	2024	9M2024	9M2025
Energy and Power	12,529.1	12,326.3	9,014.6	10,531.6	100.9	98.3	101.1	118.3
Property Development	9.2	9.5	19.8	19.3	0.1	0.1	0.2	0.2
Other Investments	995.3	1,670.7	534.0	1,146.0	8.0	13.3	6.0	12.9
Adjustments/Eliminations	(1,110.8)	(1,462.0)	(652.9)	(2,793.0)	(8.9)	(11.7)	(7.3)	(31.4)
Total*	**12,422.7**	**12,544.5**	**8,915.4**	**8,903.9**	**100.0**	**100.0**	**100.0**	**100.0**

**Includes Intersegment Revenues*

<u>**Energy and Power**</u>

Figure 1: Structure of ACR's Energy and Power Business as of end-2024



The Company's energy and power business is mainly held by its four holding firms, namely: CHC, APHI, AREC, and ATEC. CHC owns all of ACR's diesel-fired power generation businesses. APHI, in particular, owns WMPC and SPPC. AREC, on the other hand, owns all of the Company's renewable energy (RE) businesses while ATEC owns all of ACR's coal-fired power generation businesses. ACR's wholly-owned subsidiary, APIL, is dedicated to developing power plant projects outside the country. However, the company currently has no active operations.

CHC and Subsidiaries

CHC is the holding company for ACR's diesel-fired power generation assets, including APHI, APMC, and MPC.

APHI directly owns two of ACR's operating power generation subsidiaries, namely, WMPC and SPPC.

WMPC operates a 100-MW diesel-fired electricity-generating facility in Zamboanga City that currently provides ancillary services to the National Grid Corporation of the Philippines (NGCP) to maintain power quality, reliability, and security of the grid in the Zamboanga Peninsula Region.

In April 2025, CHC acquired an additional 25% ownership interest in WMPC, one of its existing partners, increasing its equity share in the joint venture from 55% as of December 31, 2024, to 80% as of end-June 2025.

SPPC operates a 55-MW diesel power facility in Alabel, Sarangani Province, which is currently being redeveloped for renewable energy use. The SPPC Solar Project is progressing on schedule, with permits secured, the Engineering, Procurement, and Construction (EPC) contract under review, and Phase 1 included in the fourth round of the Green Energy Auction Program (GEAP-4)[1]. GEAP-4 provides a long-term market mechanism that guarantees offtake through competitive, fixed-rate renewable energy contracts.

AREC completed the acquisition of a 25% equity interest in SPPC in April 2025.

It should be noted that the foregoing acquisitions are consistent with ACR's strategic objective to expand its equity holdings in key joint ventures and strengthen its presence in the power generation sector.

Both WMPC and SPPC are joint ventures among ACR (80%) and AP (20%). AP is the power arm of the Aboitiz Group. As of report-writing date, AP has an outstanding rating of PRS Aaa, with a Stable Outlook, for its outstanding bonds amounting to ₱70.25 billion.

MPC operates a 103-MW diesel-fired power plant in Iligan City. MPC was awarded an Ancillary Services Power Agreement (ASPA) with the NGCP in April 2023, covering a contracted capacity of 40 MW for dispatchable reserve.

Under MPC, UPC operates an 87.57-MW diesel-fired in-island backup power plant in Barangay Imelda, Ubay, Bohol. The project complements Energy Development Corporation's (EDC) Unified Leyte Geothermal Power Plant under a 10-year power supply contract for Bohol from 2024 to 2033, providing 50 to 95 MW of baseload capacity supplemented by the Ubay facility. Construction of modular gensets began in June 2023 and was completed in 2024. The project is designed to strengthen grid resilience during natural calamities, including typhoons. MPC Ubay received its Provisional Authority to Operate from the ERC in September 2025. It played a key role during the Visayas earthquake last September 30, supplying critical power support to the region, with the plant's peak generation exceeding 35 MW.

[1] A DOE initiative aimed at promoting renewable energy (RE) and accelerating the development of RE facilities. It aims to increase the share of RE in the country's energy mix, reduce greenhouse gas emissions, and promote sustainable development through a transparent and competitive auction process.

Lastly, APMC handles management and maintenance operations of the three foregoing diesel-fired power plants, as well as power plant projects outside the country. It is a partnership between ACR, through CHC, and TTC.

AREC and Subsidiaries

AREC is the holding company for ACR's RE businesses. It currently holds 100% equity in the following subsidiaries: Siguil, Kalaong, Bago, Sindangan, ASEC, AGEC, ARRC.

Considered as ACR's first renewable venture, Siguil is a 14.5-MW run-of-river[2] Hydroelectric Power Plant (HEPP) located along the Siguil River basin in Maasim, Sarangani Province. On August 1, 2024, Siguil began selling power to the Wholesale Electricity Spot Market (WESM), which remained its sole customer as of June 30, 2025. The Department of Energy (DOE) issued the Feed-in Tariff Certificate of Endorsement (FIT-COE) for Siguil on June 13, 2025, making the plant eligible for Feed-in Tariff (FIT) revenues retroactive to its Commercial Operations Date (COD) on September 30, 2024. In addition, the Renewable Energy Payment Agreement (REPA) contract became effective following receipt of the Letter of Effectivity from the National Transmission Corporation on June 27, 2025, allowing Siguil to bill for actual FIT revenues starting from COD.

PhilRatings notes that Siguil was the only operational RE project of ACR as of June 30, 2025. The following subsidiaries have not yet started commercial operations.

Kalaong is a 21-MW run-of-river HEPP under development, consisting of three power stations to be built along the Kalaong River in Maitum, Sarangani Province.

Bago is a 42-MW run-of-river HEPP consisting of four power stations along the Bago River in Negros Occidental.

Sindangan, on the other hand, is a combined 8.81-MW HEPP and 29 Megawatt peak (MWp) solar power project located in the municipalities of Siayan and Dumingag in Zamboanga Del Norte.

These projects are expected to augment power supply in Sarangani Province, Negros Occidental, Zamboanga Del Norte, General Santos City, and other key municipalities in South Cotabato upon completion.

ASEC, AGEC, and ARRC were established to develop and invest in renewable energy projects. ASEC, acquired by AREC from Alsons Corporation in July 2023, focuses on solar energy, while AGEC and ARRC, incorporated in August 2023, are intended for broader energy project development, including renewable resources. Since their establishment, the three companies have advanced Alsons Power's renewable expansion: ASEC has started preliminary site works for its first large-scale solar photovoltaic project; AGEC received a Certificate of Award from the DOE for a major hydropower project in the Davao Region—now in exploration and feasibility stages; and ARRC is conducting early studies on other renewable technologies, supporting the Group's innovation and sustainability goals.

[2] Run-of-the-river hydroelectric systems are those that harvest the energy from flowing water to generate electricity in the absence of a large dam and reservoir.

ATEC and Subsidiaries

ATEC is the holding company for ACR's coal-fired power assets. It is a partnership between ACR and GBPC, the leading energy company in the Visayas. With GBPC as its partner, ACR is able to tap into its expertise to beef up its power projects in Mindanao and Western Visayas, particularly with the full energization of the Mindanao-Visayas Interconnection Project (MVIP) in January 2024.

ATEC indirectly holds 50% ownership in SEC, SRPI, and ACES.

SEC operates a 210-MW coal-fired power plant in Maasim, Sarangani Province. The first phase (105 MW) began commercial operations in 2016, and the second phase (105 MW) in October 2019.

On June 27, 2025, ATEC acquired the remaining 25% equity stake in SEC from TTC, increasing its ownership from 75% to 100%. Prior to the acquisition, ATEC held 75% ownership stake in SEC.

SEC Phase 1 has Power Supply Agreements (PSAs) with four electric cooperatives (ECs) covering 105 MW at 100% capacity for 25 years.

SEC Phase 2 has PSAs with various distribution utilities (DUs) and ECs for 80 MW or 76.1% of its capacity over 25 years.

The remaining uncontracted capacity of SEC Phase 2 is intended to supply Panhua Integrated Steel, a Chinese steel plant adjacent to the SEC facility. Construction of the steel plant began in April 2023 and is expected to commence operations within the second quarter of 2026. While awaiting its commissioning, SEC sells the uncontracted capacity to contestable customers under the Retail Competition and Open Access (RCOA) framework.

SRPI oversees a 105-MW coal-fired power plant in the Zamboanga Ecozone. ACR was able to secure a 25-year contract for 85 MW of SRPI's capacity with ZAMCELCO. The issuance of the Notice to Proceed (NTP) for SRPI, however, has been deferred by the DOE due to prevailing market conditions and unresolved issues with ZAMCELCO. ACR intends to maintain SRPI's permits and monitor market signals for baseload capacity demand in Mindanao and Visayas.

ACES, on the other hand, serves as the operations and maintenance provider for SEC and SRPI.

Capacity Overview

As of June 2025, the Company had a total installed capacity of 515.07 MW, up from 468 MW since the last credit rating review. Of its total capacity, 427.07 MW or 82.9% is contracted. PhilRatings notes that the total contracted capacity is higher by 101.07 MW or 31% from the last credit rating review. In terms of generation mix, 290.57 MW (56.4%) of the total is attributable to its diesel power plants while the remaining 210 MW (40.8%) and 14.5 MW (2.8%) are attributable to its coal and hydro power generating facilities, respectively.

Tables 3 and 4 show a summary of the Company's existing power plants and planned power projects as of report-writing date.

Table 3: Existing Power Plants

Power Plant	Parent Company	Status	Expected Life	Commercial Operation Date	Location	Installed Capacity (MW)	Contracted Capacity (MW)	Contract Expiration	Fuel Type
WMPC	APHI	Operational	18 years	1997	Malasugat, Sangali, Zamboanga City	100	100	2029	Diesel
MPC	CHC	Operational	30 years	2013	Sitio Mapalad, Dalipuga, Iligan City	103	40	2028	Diesel
MPC-UBAY Phase 1	CHC	Commissioning	18 years	2025	Barangay Imelda, Ubay, Bohol	87.57	87.57	TBD	Diesel
SEC Phase 1	ATEC	Operational	25 years	2016	Barangay Kamanga, Maasim, Sarangani Province	105	105	2041/2044	Coal
SEC Phase 2	ATEC	Operational	25 years	2019	Barangay Kamanga, Maasim, Sarangani Province	105	80	2041/2044	Coal
Siguil	AREC		50 years	2025	Sitio Lamlangil, Brgy. Kamanga, Maasim, Sarangani Province	14.5	14.5	2045	Hydro
Total Installed Capacity – 515.07MW | Total Contracted Capacity – 427.07MW									

Table 4: Ongoing and Planned Power Projects

Power Plant	Parent Company	Status	Expected Life	Location	Capacity	Fuel Type
SRPI	ACR	Under development	25 years	Zamboanga City	105 MW	Coal
MPC-UBAY	CHC	Phase 2: Under Construction	15 years	Bohol	41 MW	Diesel
Bawing	AREC	Under construction	30 years	Sarangani Province	98 MWp	Solar
Kalaong	AREC	Under development	35 years	Sarangani Province	21 MW	Hydro
Bago	AREC	Under development	35 years	Negros Oriental	42 MW	Hydro
Sindangan	AREC	Under development	35 years	Zamboanga del Norte	8.8MW +29MWp	Hydro & Solar
SPPC Solar	CHC	Under development	30 years	Sarangani Province	61MWp	Solar
Total Expected Additional Capacity – 217.8MW + 188MWp						

With its various projects in the pipeline, ACR anticipates boosting its existing hydro, coal, and diesel capacity by a total of 217.8 MW and its solar capacity by 188MWp. Of the 217.8MW, 105MW will come from its coal-fired power facility in Zamboanga City, 71.8MW will be attributable to the Company's planned HEPPs, and the remaining 41 MW will be from ACR's diesel power plant in Bohol. Such will be complemented by 188 MWp to be derived from its solar projects. These projects, once finished, will increase ACR's overall hydro, coal, and diesel capacity to 732.87 MW and its solar capacity to 188 MWp.

Operational Highlights

From 2023 through the first nine months of 2025, the SEC power plants remained the main energy producers of the Company. Bulk of the balance was derived from WMPC and Siguil in 2023 and 2024, respectively. MPC had minimal output, accounting for less than 1% of the total actual energy generated for the said periods.

Table 5: For the Period ended December 2023

	Power Plants				
	WMPC	MPC	SEC Phase 1	SEC Phase 2	SHPC
Actual Energy Generated (GWh)	74.19	0.15	585.73	596.49	Ongoing Commissioning
Ave. Net Dependable Capacity (MW)	100.00	42.00	105.00	105.00	
Net Capacity Factor (%)	8.74	0.04	63.68	64.85	
Availability Factor (%)	90.67	100.00	85.39	94.11	

Table 6: For the Period ended December 2024

	Power Plants				
	WMPC	MPC	SEC Phase 1	SEC Phase 2	SHPC
Actual Energy Generated (GWh)	55.64	1.80	600.26	690.62	60.24
Ave. Net Dependable Capacity (MW)	100.00	41.86	107.61	107.14	11.50
Net Capacity Factor (%)	6.54	0.46	63.51	73.39	47.38
Availability Factor (%)	95.99	98.93	83.01	98.44	93.29

In 2024, SEC Phase 1 and Phase 2 both recorded higher energy generation compared to the previous year. WMPC's output declined, while MPC registered a slight increase. Siguil commenced operations in 2024, contributing 60.24GWh to the Company's total generation for the period. The average net dependable capacities of SEC Phase 1 and Phase 2 increased from 2023 levels, while MPC's capacity slightly decreased.

In 9M2025, overall generation performance was mixed: SEC Phase 1 posted stronger output, while SEC Phase 2 declined from the previous year. WMPC and MPC likewise registered lower generation. Siguil began operations and provided a meaningful contribution to total output. Meanwhile, the average net dependable capacity of all power plants remained unchanged from end-September 2024 to end September 2025.

Table 7: For the Period ended September 2024

	Power Plants				
	WMPC	MPC	SEC Phase 1	SEC Phase 2	SHPC
Actual Energy Generated (GWh)	43.39	1.26	423.03	529.21	-
Ave. Net Dependable Capacity (MW)	100.00	41.86	110.00	110.00	-
Net Capacity Factor (%)	6.60	0.46	60.00	76.00	-
Availability Factor (%)	97.31	98.64	77.40	97.84	-

Table 8: For the Period ended September 2025

	Power Plants				
	WMPC	MPC	SEC Phase 1	SEC Phase 2	SHPC
Actual Energy Generated (GWh)	16.08	0.78	479.21	453.71	68.46
Ave. Net Dependable Capacity (MW)	100.00	41.86	110.00	110.00	14.42
Net Capacity Factor (%)	2.44	0.28	66.00	63.00	72.19
Availability Factor (%)	98.30	99.64	89.59	83.24	94.61

MPC's availability factor remained high as it is contracted by NGCP as a Dispatchable Reserve under an ASPA. This requires MPC to stay on standby at all times, ready to supply power during grid contingencies, even though actual dispatch events are infrequent. Considering the foregoing, its capacity factor and generation remain low despite near-full availability. MPC is compensated for providing this standby capacity and continues to support grid reliability and market liquidity through its participation in the WESM.

Property Development

ACR is also engaged in property development business through its subsidiaries, ALC and KAIEDC.

Established in 1994, ALC continues to build its real estate portfolio through investments in projects with immediate development potential. These include residential, commercial, mixed-use, and township and estate projects that have trading income activities (sales), high-value recurring income businesses (rentals), joint venture arrangements, and asset management opportunities.

The Eagle Ridge Residential Estates and the Eagle Ridge Golf & Country Club in Cavite were developed by ALC. The Acropolis Residential Estate Project, located inside Eagle Ridge, started land development works and site enhancement in 2023. Initial reservations were accepted in the fourth quarter of 2024. It offers 120 units of 300-450 square-meter lots for sale. A commercial development, known as Eagle Ridge Town Center, is targeted to start site development in the fourth quarter of 2025.

The Campo Verde project was developed by ALC in partnership with Sunfields Realty Development Inc. in 2006. It is an 11-hectare (ha) property located inside the Lima Technology Center. ALC has acquired adjacent property for possible expansion of this project.

ALC continues to pursue landbanking opportunities in Sarangani and General Santos as it plans to develop additional mixed-use industrial estates in the region. Furthermore, market-focused projects in the National Capital Region area and the Cavite-Batangas corridor are under evaluation for near- to mid-term development opportunities.

KAIEDC was established in 2010 to develop the Kamanga Agro-Industrial Economic Zone. This ecozone is accredited by the Philippine Economic Zone Authority (PEZA) as an agricultural and light-industry zone. Incentives prescribed by law, through PEZA, encourage enterprises to establish or relocate their businesses within the ecozone. ACR's SEC power plants are located within the Kamanga Agro-Industrial Economic Zone, providing potential synergies with locators in the area. Moverover, operations of the steel plant locator, which entered into a lease agreement with KAIEDC for about 50 hectares, are expected to commence in 2026.

ACR and Ayala Land, Inc. (ALI) entered into a joint venture agreement in 2013 through Aviana Development Corporation. The joint venture was established to develop Azuela Cove, a 26-hectare estate in Lanang, Davao City, Mindanao. The estate is being developed into a master-planned, mixed-use community comprising residential low- to mid-rise towers, commercial lots, offices, lifestyle commercial-retail shops, and a waterside cove with retail components.

As of report-writing date, Azuela Cove featured two completed and ready-for-occupancy Ayala Land Premier (ALP) towers, a major Gaisano supermarket, and a vibrant retail cluster with cafes and restaurants. The promenade boardwalk was opened to the public in 2024, providing access to the waterside facilities. Azuela High Street had its grand opening in September 2025. Concurrently, Aviana plans to launch two major developments: the Ayala Land office building and the Azuela Cove Hotel and Mall projects.

Table 9: Property Development Projects

	Project Launch Date	Type of Development	Location	Land Area
Eagle Ridge Golf & Residential Estate	1997	Golf Course Development with Residential Component	General Trias, Cavite	700 ha
Kamanga Agro-Industrial Economic Zone	2011	Economic Zone	Maasim, Sarangani Province	125 ha
Campo Verde	2005	Housing Project	Malvar, Batangas	11 ha
Azuela Cove	2017	Mixed-use Community	Lanang, Davao City	26 ha

OWNERSHIP

As of end-September 2025, the Alcantara Group effectively owned 79.97% of the total outstanding shares of ACR through its three subsidiaries, namely: Alsons Corporation, Alsons Power Holdings Corp. (APHC) and Alsons Development and Investment Corporation (ALDEVINCO).

Table 10: Major Shareholders

Stockholder	Percentage of Ownership (%)
Alcantara Group of Companies	79.97
Alsons Corporation	41.21
Alsons Power Holdings Corp.	19.87
Alsons Development and Investment Corporation	18.89
Others (including the public)	20.03
Total	**100.00**

Since its establishment in the 1950s, the Alcantara Group has become one of the largest and most diversified Filipino-owned conglomerates in the Philippines. Its business interests span a wide range of industries, including power generation, agribusiness, forestry, transportation, real estate development, and construction. The Group was borne out of the vision of Conrado Alcantara, a pioneering businessman who set out to tap Mindanao's vast and undeveloped resources.

Through the Alcantara Group's over 60 years of experience in its various businesses in Mindanao, ACR is able to acquire in-depth local knowledge of its operating environment.

MANAGEMENT

Except for the appointment of a new Chief Financial Officer (CFO), PhilRatings notes that there has been no material change in the Company's Executive Officers since the last rating review.

Mr. Roberto Joaquin P. Ramos was appointed as the CFO on May 29, 2025, overseeing the financial operations of all business units of the Alcantara Group. He succeeds Mr. Alexander Benhur M. Simon, who retired from his position effective December 31, 2023, following the Board's acceptance of his optional retirement during a special meeting held on December 14, 2023. During the transition period, Deputy CFO Philip Edward B. Sagun and Comptroller Carina U. Matutina served as Officers-in-Charge pending the appointment of ACR's succeeding CFO.

Mr. Ramos previously served as CFO, Treasurer, and Corporate Information Officer of Max's Group, Inc., and held CFO roles at Group M, Golden Arches Development Corporation (McDonald's Philippines), Philips, and ABB. He has extensive experience in financial planning, accounting, risk management, and corporate governance, and holds a Master's Degree in Business Administration from the Ateneo Graduate School of Business and a Diploma in Finance and Business Controlling from the Institute for Management Development in Lausanne, Switzerland.

Mr. Nicasio I. Alcantara has served as the Company's Chairman and President since his appointment in 2021. He previously led ACR as Chairman and President from 1995 to 2001. From 2001 to 2009, he was Chairman and CEO of Petron Corporation. He currently holds leadership positions and board directorships in several companies within and outside the Group. He has over 45 years of involvement in both public and private companies, and in diverse industries. Mr. Nicasio Alcantara holds a Business Administration degree from the Ateneo de Manila University and a Master in Business Administration (MBA) degree from Sta. Clara University in California, USA.

Mr. Antonio Miguel B. Alcantara remains the Chief Executive Officer (CEO) of Alsons Power Group. Mr. Alcantara has over 15 years of experience in the energy industry, through his tenure at Alsons Power. He served as the deputy CEO of the Group prior to his appointment and is also the Chief Investment and Strategy Officer of ACR.

Ms. Editha I. Alcantara continues to serve as the Vice-Chairperson of ACR. She holds a Business Administration degree from Maryknoll College, and an MBA degree from Boston College. Ms. Alcantara became the President of C. Alcantara and Sons, Inc. in 1992 after serving as the Treasurer of the same company. Presently, she is also a Director (since 1980) and Treasurer (since October 2000) of other companies in the Alcantara Group.

ACR had a total of 522 employees as of December 31, 2024. The Company expects minimal changes in its manpower for the next 12 months. All employees of the Company, along with its subsidiaries, are not unionized.

While ACR is a family-owned corporation, family members continue to be supported by professional managers.

STRATEGY[3]

ACR remains focused on providing reliable and affordable energy to Mindanao and other regions, in line with its goal of supporting national development and addressing the country's growing power demand. During the Annual Stockholders' Meeting held on May 29, 2025, Mr. Nicasio Alcantara emphasized the Company's continued investments in infrastructure and technologies that enhance energy security and promote sustainability.

The Company is also determined to pursue a balanced portfolio of renewable and conventional power assets to strengthen grid reliability while advancing the transition toward cleaner energy. The completion of the 14.5 MW Siguil Hydro Power Plant in Maasim, Sarangani marked the Company's entry into renewable energy generation. Several other renewable projects are under development, including hydro facilities in Bago, Negros Occidental, and Siayan, Zamboanga del Norte, as well as solar projects in General Santos and Sarangani Province.

[3] https://alsonspower.com/acr-reaffirms-commitment-to-energy-security-and-sustainable-growth/

Through these initiatives, ACR seeks to progressively expand its renewable energy capacity and contribute to a more sustainable and resilient power system in Mindanao and the Visayas.

In addition, the Company endeavors to focus on revitalizing and expanding its real estate portfolio. It is prioritizing the development of additional areas to support its solar energy business and exploring better utilization of land currently occupied by its agri-business unit in General Santos City. In the coming years, ACR expects to significantly expand its property holdings in Sarangani Province and General Santos City, including solar farms and mixed-use developments covering residential, industrial, commercial, and institutional segments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)[4]

In 2024, ACR implemented initiatives across ESG areas. Environmentally, ACR commissioned the 14.5-MW Siguil Hydro Power Plant and continued development of additional hydro and solar projects. The Siguil Watershed Enhancement Program planted over 60,000 trees and supported sustainable livelihoods through local farming programs. Social programs included scholarships for more than 300 students, technical vocational training for 150 individuals, donations to over 60 schools, and medical missions reaching more than 2,000 residents. Governance activities involved structured stakeholder engagement through forums such as the Siguil Watershed Stakeholders Forum, promoting collaboration and information sharing with local communities and partners.

ECONOMY

Gross Domestic Product (GDP)[5]

In 2024, the Philippine economy grew by 5.6%, the same rate recorded in 2023. The economy expanded by 5.2% in the fourth quarter of 2024 (4Q2024), contributing to the full-year growth. This placed the Philippines as the second fastest-growing economy in the Association of Southeast Asian Nations (ASEAN)[6] and among the top performers globally based on countries that had released their fourth quarter data. While the figure fell short of the government's target, the economy remained resilient despite challenges such as multiple typhoons, subdued global demand, and geopolitical tensions.

Growth in 4Q2024 was driven by Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (5.5%), Financial and Insurance Activities (8.5%), and Construction (7.8%). These sectors also contributed significantly to annual growth, with Wholesale and Retail Trade increasing by 5.6%, Financial and Insurance Activities by 9.0%, and Construction by 10.3%. Among major sectors, Services and Industry posted full-year growth rates of 6.7% and 5.6%, respectively. Meanwhile, Agriculture, Forestry, and Fishing (AFF) contracted by 1.6% due to the notable impact of six typhoons on agricultural production.

On the demand side, Household Final Consumption Expenditure grew by 4.8% in 2024, supported by lower inflation and increased demand for services. Government Final Consumption Expenditure rose by 7.2%,

[4] https://powerphilippines.com/acr-highlights-sustainability-and-community-programs-in-2024-csr-milestone-report/
[5] https://psa.gov.ph/content/gdp-expands-52-percent-fourth-quarter-2024-brings-full-year-2024-gdp-year-year-growth-rate
https://psa.gov.ph/statistics/national-accounts
https://www.dof.gov.ph/ph-economy-maintained-steady-growth-in-2024-despite-challenges-outlook-for-2025-remains-bullish-driven-by-lower-inflation-higher-consumption-and-investments/
[6] The 10 members states of the ASEAN are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

while Gross Capital Formation expanded by 7.5%. Exports and imports of goods and services increased by 3.4% and 4.3%, respectively, reflecting improvements in trade.

In 3Q2025, the economy was up by 4.0%, lower than the 5.5% growth in the second quarter. Such was driven by Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles (5.0%), Financial and Insurance Activities (5.5%), and Professional and Business Services (6.2%). On the supply side, all major sectors posted growth during the quarter, with AFF increasing by 2.8%, Industry by 0.7%, and Services by 5.5%. On the demand side, household spending rose by 4.1% in the third quarter of 2025. Similarly, Government Final Consumption Expenditure, Exports of goods and services, and Imports of goods and services posted growths of 5.8%, 7.0%, and 2.6%, respectively. Meanwhile, Gross Capital Formation declined by 2.8%.

Outlook[7]

The Asian Development Bank (ADB) has maintained its Philippine GDP growth forecast at 5.6% for 2025, while slightly lowering its 2026 projection to 5.7% from 5.8%, according to its latest Asian Development Outlook released in September 2025. The ADB cited strong domestic demand, sustained investments, and supportive monetary policy as key growth drivers. Despite the downward revision, the ADB noted that the Philippines is expected to remain the second fastest-growing economy in Southeast Asia until 2026, following Vietnam.

The International Monetary Fund (IMF) also revised its projections, lowering its 2025 GDP growth forecast to 5.4% from 5.5%, and its 2026 forecast to 5.7% from 5.9%. The IMF cited weaker-than-expected economic performance in the first half of 2025 and the impact of higher U.S. tariffs on Philippine exports and investment. The economy expanded by 5.4% in the first six months of the year.

These updated forecasts are within or near the lower end of the Philippine government's official growth targets of 5.5% to 6.5% for 2025 and 6.0% to 7.0% for 2026.

Inflation[8]

Inflation in the Philippines held steady at 1.7% in October 2025, the same rate recorded in September and lower than the 2.3% posted in October 2024. The stability in overall inflation came despite some commodity groups registering faster annual price increases during the month. Clothing and footwear rose to 1.8% from 1.7%, housing, water, electricity, gas and other fuels accelerated to 2.7% from 2.1%, information and communication inched up to 0.7% from 0.6%, and personal care and miscellaneous goods and services increased to 2.5% from 2.4%. The rest of the commodity groups retained their previous month's annual rates.

Meanwhile, lower inflation was observed in food and non-alcoholic beverages (0.5% from 1.0%), alcoholic beverages and tobacco (4.0% from 4.1%), health (2.7% from 2.8%), transport (0.9% from 1.0%), and recreation, sport and culture (1.9% from 2.1%). The main contributors to inflation in October 2025 were housing, water, electricity, gas and other fuels; restaurants and accommodation services; and food and non-alcoholic beverages.

[7] https://www.bworldonline.com/breaking-news/2025/09/30/701841/adb-keeps-philippine-growth-forecast-for-2025/
https://business.inquirer.net/550220/imf-joins-others-cuts-ph-growth-outlook-on-tariff-woes
[8] https://psa.gov.ph/price-indices/cpi-ir

Mindanao Economy[9]

In 2023, all provinces and highly urbanized cities (HUCs) in Mindanao recorded positive GDP growth, with Camiguin leading at 11.0%, followed by the City of Davao and Surigao del Norte at 7.5% and 7.2%, respectively. The region's total GDP reached ₱3.60 trillion, with the City of Davao contributing the largest share at 14.8%, ahead of Cagayan de Oro and Bukidnon with 7.7% and 7.2%, respectively. Per capita GDP also improved across the board, led by Cagayan de Oro at ₱358,879, followed by Davao and Iligan.

Northern Mindanao continued this positive trend in 2024, with all five provinces and two HUCs posting growth. Iligan recorded the fastest expansion at 8.8%, closely followed by Camiguin and Misamis Occidental at 8.6% and 7.5%. Cagayan de Oro grew by 6.8%, surpassing the regional average growth rate of 6.0%. Bukidnon remains the region's only agriculture-based economy, with agriculture, forestry, and fishing accounting for 48.2% of its GDP, while the other provinces are predominantly services-driven.

INDUSTRY[10]

Power Demand

Table 11: 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.

[9] https://psa.gov.ph/statistics/ppa/node/1684066782
https://psa.gov.ph/content/all-provinces-and-hucs-northern-mindanao-post-gdp-growth-2024-bukidnon-only-agriculture
[10] 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.

Installed and Dependable Generating Capacity

Table 12: 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**

Table 13: 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 14: 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 15: 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[11]

The DOE has maintained its moratorium on the development of new coal-fired power plants, a policy initially implemented in 2020 as part of its strategy to reduce the country's dependence on coal. Former DOE Secretary Raphael Lotilla confirmed that the moratorium remains in place, even as hydropower plants are currently operating at reduced capacities due to higher-than-expected temperatures. The DOE does not foresee lifting the moratorium at this time, as over 4,000 MW of additional power supply is expected to come online in 2024. Coming from both renewable energy sources and conventional facilities such as LNG-powered plants, these additional capacity will help meet overall power supply needs across the country.

Decline in Coal Power Generation and Market Shifts in 2025[12]

In the first half of 2025, coal-fired power generation in the Philippines declined for the first time in 17 years, according to data from the IEMOP. Coal's generation output dropped by 5.5% year-on-year to 33.8 terawatt-hour (TWh), reducing its share of the power mix to 57.2%, down from 61.9% in 2024. This shift reflects the growing role of natural gas and renewable energy sources, further supported by declining 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 spot market prices dropped to ₱4.14/kilowatt-hour (kWh) in the first half of 2025—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.

PEP 2023-2050 Focuses on Clean Energy Transmission[13]

The PEP 2023-2050 outlines the country's strategy for transitioning to cleaner energy sources. As of end-2024, renewable energy accounts for approximately 22.21% of the Philippines' power generation mix. The plan targets to increase the share of renewable energy in the power generation mix to 35% by 2030 and 50% by 2040. It also promotes efforts to expand the use of natural gas, alternative fuels, and energy-efficient technologies.

In the transport sector, the PEP 2023-2050 targets a 10% penetration of electric vehicles by 2040, along with a goal of achieving 5% energy savings on oil products and electricity. Additionally, the plan aims for at least a 12% reduction in greenhouse gas emissions, as part of the country's Nationally Determined Contribution (NDC) commitments.

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[11] https://www.bworldonline.com/top-stories/2024/04/26/591072/coal-plant-moratorium-to-stay-doe/
[12] https://www.reccessary.com/en/news/philippine-coal-power-declines-the-first-time-in-20-years
[13] https://doe.gov.ph/pep

Feed-in Tariff (FiT) Program Phase-Out[14]

The Feed-in Tariff (FiT) program, launched in 2012, provided fixed rates to eligible renewable energy (RE) developers to encourage investment in hydro, solar, wind, and biomass technologies. Designed as a time-bound incentive with capacity caps to manage consumer costs, the program is now being phased out. The DOE is shifting to market-based mechanisms such as the Green Energy Auction Program (GEAP), which enables competitive bidding for renewable energy supply contracts.

In line with this transition, Alsons Power Group held a workshop with the DOE in July 2025 to explore strategies for sustaining private sector participation in hydropower development following the wind-down of the FiT scheme.

Green Energy Auction Program (GEAP) – Fourth Round (GEA-4)[15]

The Green Energy Auction Program (GEAP) is a DOE initiative aimed at accelerating renewable energy development by awarding power supply contracts through a competitive and transparent bidding process. It supports the government's target of increasing the share of renewables in the country's energy mix while promoting lower electricity costs through market-based pricing.

On June 13, 2025, the Energy Regulatory Commission (ERC) released the reserve prices for the program's fourth round (GEA-4). The DOE also issued the official timeline for the auction process. GEA-4 targets the addition of 10.5 gigawatts (GW) of renewable capacity from ground-mounted, rooftop, and floating solar, onshore wind, and integrated solar with energy storage systems.

Building on over 12,000 MW of committed capacity from earlier rounds, scheduled for delivery between 2024 and 2032, GEA-4 continues to support the DOE's long-term strategy of expanding renewable energy through competitive procurement.

Integration of Mindanao into WESM[16]

Mindanao's integration into the WESM in January 2024 improved power reliability, enabled faster response to outages, and boosted investor confidence in the region. Prior to this, electric cooperatives and utilities depended solely on long-term bilateral contracts, limiting flexibility during supply shortfalls. WESM introduced a centralized, market-based trading platform, allowing utilities to source electricity from a wider range of suppliers based on real-time demand and supply.

The DOE formally recognized the full integration of Luzon, Visayas, and Mindanao grids under a unified market system through an advisory issued in May 2023. According to the DOE–Mindanao, WESM's transparency and structured rules have helped attract investment, particularly from renewable energy developers who can now sell excess capacity beyond contracted volumes.

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[14] https://alsonspower.com/alsons-power-strengthens-hydro-energy-strategy-amid-does-fit-program-wind-down/
[15] https://insightplus.bakermckenzie.com/bm/energy-mining-infrastructure_1/philippines-updates-on-the-fourth-round-of-the-green-energy-auction_1
[16] https://www.sunstar.com.ph/davao/wesm-boosts-mindanao-power-reliability-draws-new-energy-investments-doe

Mindanao's Progress Toward a 50% Renewable Energy Mix[17]

Mindanao is targeting a 50% renewable energy (RE) share in its energy mix by 2030, surpassing the national RE target of 35% by the same year. As of early 2025, renewable sources already account for nearly 40% of the island's power generation.

Energy stakeholders and advocates identified the integration of solar, hydropower, and energy storage as critical to achieving this transition. Key initiatives include the rehabilitation of the Agus–Pulangi Hydroelectric Complex (APHC)[18] and the deployment of hybrid microgrids. Roadmaps also propose the phaseout of coal-fired power plants beginning in 2026 and the expansion of financing support through instruments like green bonds and blended finance.

[17] https://caseforsea.org/mindanao-50-renewable-energy-mix-2030/
[18] Mindanao's largest renewable power source with nearly 1,000 megawatts of installed capacity

FINANCIAL RISK

Profitability

2023

ACR's consolidated revenues rose by 3.6% to ₱12.4 billion in 2023, from ₱12.0 billion in 2022, driven by improved operations and increased energy dispatch across its power companies. The growth was supported by the rising electricity demand in Mindanao.

Cost of services increased by a modest 2.6% to ₱8.0 billion, primarily due to higher fuel costs from greater dispatch volumes. Meanwhile, general and administrative expenses declined by 16.5% to ₱708 million, owing to the absence of the ₱165-million goodwill impairment booked in 2022 and the reversal of provisions for expected credit losses following SPPC's full collection from National Power Corporation (NPC).

As a result, OPM improved to 30.1% in 2023 from 28.1% in 2022, while EBITDA margin rose slightly to 44.9% from 44.3%.

Finance charges remained stable at ₱1.7 billion. While SEC settled maturing loans, this was offset by new short-term borrowings to support the Siguil Hydro Project. Interest income, however, surged by 252.3% to ₱87 million due to higher rates on placements.

Equity earnings from Aviana Development Corp. declined by 59.1% to ₱22 million amid lower sales. Other income also fell by 12.8% to ₱370 million, with 2023 gains mainly from SPPC's receivable collection from NPC, compared to the ₱417 million finance lease gain from KAIEDC's Panhua transaction in 2022.

ACR's consolidated net income grew by 21.9% to ₱2.3 billion in 2023 from ₱1.9 billion in 2022. Net profit margin (NPM) improved from 15.6% to 18.4%, and EBIT interest coverage increased to 2.55x from 2.35x. However, the debt service coverage ratio (DSCR) remained below 1.0x, at 0.42x.

2024

ACR's consolidated revenues had a slight increase of 1.0% to ₱12.54 billion in 2024. The uptick was primarily supported by greater energy dispatch across the Company's power generation units.

Meanwhile, the cost of services declined by 3.6% to ₱7.68 billion, driven by lower fuel costs and reduced maintenance expenses due to improved operational efficiencies. General and administrative expenses likewise fell by 3.6% to ₱683 million, reflecting lower spending on outside services, depreciation, and personnel costs, in line with the Company's continued cost management efforts.

Consequently, OPM improved to 33.3%. EBITDA margin likewise increased to 46.6%.

Finance charges edged up by 1.3% to ₱1.68 billion, due to short-term borrowings used to fund the Siguil Hydro Project. At the same time, interest income grew by 9.2% to ₱95 million, driven by higher yields on investments.

The Company's equity in net earnings from Aviana Development Corp. recorded a significant increase of 229.3% to ₱74 million, reflecting improved sales performance. In contrast, Other income declined by 74.2% to ₱96 million. In 2023, Other income spiked up largely due to the ₱277.9-million one-time gain recognized from the collection of SPPC's DG6 claim from NPC.

As a result, consolidated net income increased by 10.4% to ₱2.53 billion. This translated to an improved NPM of 20.1% and a higher EBIT interest coverage of 2.65x. The DSCR, however, decreased further to 0.33x.

9M2025

ACR posted consolidated revenues of ₱8.90 billion in 9M2025, reflecting a slight decrease of 0.1% from ₱8.92 billion in the same period last year. The modest decline was primarily due to the reduced energy dispatch of WMPC, following voltage quality improvements in the Zamboanga region. This was partly offset by the consistent operational performance of MPC and SEC.

The cost of services declined by 4.6% to ₱5.12 billion in 9M2025, from ₱5.47 billion in 9M2024. The reduction was on account of lower fuel costs and operating expenses, following the commissioning of the Siguil Hydro Power Plant in August 2024. The plant's use of renewable energy contributed to lower production costs during the period. General and administrative expenses, however, rose by 30.1% to ₱575 million, from ₱442 million last year. The increase was mainly attributed to higher employee benefit expenses and travel-related costs.

As a result of the above, the Company's OPM rose to 36.02%, from 34.81% in 9M2024, while EBITDA margin improved to 50.66%, from 46.58% in the same period last year.

Net finance charges increased by 33.9% to ₱1.33 billion in 9M2025, from ₱995 million in the same period last year. The surge was attributable to interest expenses associated with the Siguil Hydro Power Plant, which is now fully operational. This was partially offset by continued amortization of the Company's maturing loans.

Given these developments, ACR recorded a 3.9% decrease in consolidated net income to ₱1.82 billion in 9M2025, down from ₱1.89 billion in 9M2024.

Correspondingly, NPM decreased to 20.39%, from 21.18% in 9M2024. EBIT interest coverage remained ample at 2.47x while DSCR further declined to 0.24x, from 0.48x in the same period last year.

Projected Period (2025-2026)

Over the projected period, revenues and net income are expected to grow steadily, supported by the full commercial operations of Siguil Hydro, commencement of MPC-Ubay, provision of Ancillary Services by some of its existing plants, and dispatch of its uncontracted capacities to the WESM. The development of the Bawing Solar Project in General Santos City is also expected to contribute to future growth. Profitability margins are projected to improve over the period, reflecting operational efficiencies and the ramp-up of renewable and ancillary service revenues.

Cash flow and Liquidity

2023

The net cash inflows from operating activities saw a significant increase in 2023, rising by 43.8% from ₱4.4 billion in 2022 to ₱6.4 billion. Operating cash flows remained the Company's primary funding source, enabling it to meet maturing obligations and settle trade payables during the year.

Cash used in investing activities likewise increased to ₱2.3 billion, from ₱2.0 billion in 2022, largely due to the capital expenditures related to the construction of the Siguil Hydro Power Plant.

Net cash used in financing activities rose markedly to ₱4.4 billion, from ₱2.5 billion in the previous year. The increase was primarily driven by higher payments for loans, long-term debt, and dividend distributions made in 2023.

As a result of these movements, the Company's ending cash balance declined slightly to ₱2.4 billion, from ₱2.8 billion as of end-2022.

Current assets decreased by 6.0% to ₱10.6 billion in 2023, from ₱11.3 billion in the prior year. The decline was on the back of lower coal inventories, partially offset by an increase in prepaid expenses and other current assets, particularly the higher balance in debt reserve accounts.

Current liabilities grew by 16.6% to ₱11.4 billion, from ₱9.8 billion in 2022. The increase was primarily attributable to the utilization of short-term loans by the Parent Company to finance the ongoing development of the Siguil Hydro Power Plant.

As a result, the Company's current ratio declined to 0.93x as of end-2023, from 1.15x in 2022.

2024

In 2024, net cash inflows from operating activities totaled ₱5.1 billion, down from ₱6.4 billion in 2023. Despite the decline, operating cash remained the primary source of funds for meeting the Company's ongoing obligations and operational requirements.

Cash used in investing activities slightly decreased to ₱2.27 billion, from ₱2.3 billion in the previous year, reflecting the completion of major expenditures for the Siguil Hydro Power Plant, which was completed during the year.

Meanwhile, net cash used in financing activities amounted to ₱2.9 billion, much lower compared to ₱4.4 billion in 2023. While outflows for loan repayments, interest, and dividends remained substantial, these were offset by higher availments of loans during the year.

Following these movements, the Company's cash and cash equivalents stood at ₱2.3 billion as of end-2024, slightly lower than the ₱2.4 billion reported in the previous year.

Current assets increased by 13.1% to ₱12.0 billion, driven by higher levels of cash, trade and other receivables, inventories, and prepaid expenses.

Current liabilities, on the other hand, rose by 30.5% to ₱14.9 billion. The increase was mainly due to the reclassification of the current portion of long-term debt maturing within the next 12 months. This was partially offset by the Company's full settlement of its short-term notes payable.

As a result, the Company's current ratio declined to 0.80x in 2024, from 0.93x in the previous year.

9M2025

In 9M2025, net cash inflows from operating activities totaled ₱1.80 billion, down from ₱5.04 billion in 9M2024. The decline was primarily due to a substantial increase in prepaid expenses and other current assets. The latter's increase mainly stemmed from additional deposits into the DSRA, a contractual requirement to ensure sufficient funds for the scheduled principal and interest payments due in December 2025.

Cash used in investing activities rose sharply to ₱4.78 billion in 9M2025, from ₱967 million in 9M2024, mainly due to the ₱4.2-billion acquisition of TTC's equity interests in SEC, WMPC, APMC, and SPPC.

Meanwhile, cash flows from financing activities posted a turnaround, shifting from a net outflow of ₱1.95 billion in 9M2024 to a net inflow of ₱3.03 billion in 9M2025. This reversal was primarily due to lower outflows for loan repayments, coupled with higher availments of loans during the period.

As a result of these movements, the Company's cash balance as of end-September 2025 stood at ₱2.35 billion, representing a 2.11% increase from the ₱2.3 billion reported at end-2024.

Current assets increased by 11.74% to ₱13.38 billion, from ₱12.0 billion as of end-2024, primarily driven by higher prepaid expenses and other current assets. The rise was attributable to the additional DSRA deposits made, in line with the Company's preparations for its upcoming debt maturities.

Current liabilities also grew by 39.53% to ₱20.78 billion, from ₱14.89 billion as of end-2024, owing to the availment of a short-term loan during the period and the reclassification of the current portion of long-term debt scheduled for payment in December 2025.

Given these developments, ACR's current ratio declined to 0.64x as of September 30, 2025, from 0.80x as of end-2024.

Projected Period (2025-2026)

Net operating cash flows are expected to remain positive over the projected period. Capital expenditures and financing activities will be strategically managed to support operational needs and debt-service requirements. Liquidity will be adequate, with the current ratio gradually improving over the period.

Capital Structure

2023

ACR's total consolidated assets as of end-2023 amounted to ₱47.95 billion, showing a relatively flat growth from ₱47.8 billion in 2022.

Total debt decreased by 3.91% to ₱23.9 billion, from ₱24.8 billion in 2022. This decline was primarily due to the amortization of maturing obligations, partly offset by the drawdown of the project loan for Siguil Hydro Power.

Total equity increased by 3.83% to ₱19.63 billion, from ₱18.9 billion in 2022, reflecting the retention of earnings during the year.

Consequently, the debt-to-equity (D/E) ratio improved to 1.21x ,from 1.31x in 2022.

As of December 31, 2023, ACR remained in compliance with its debt covenants.

2024

Total assets further increased by 4.69% to ₱50.2 billion, supported in part by a rise in equity investments, designated at fair value through other comprehensive income, from ₱2.35 billion to ₱3.22 billion.

Total debt, however, increased by 2.66% to ₱24.5 billion. The increase was mainly driven by additional loans secured to finance the ongoing renewable energy projects of ACR, including the drawdown of the project loan for the MPC-Ubay Power Project, partly offset by the amortization of its maturing obligations.

Total equity also grew, rising by 8.1% to ₱21.2 billion due to earnings retention and the recognition of equity reserves resulting from higher value of equity investments.

As a result, the D/E ratio improved to 1.15x.

As of December 31, 2024, ACR remained in compliance with its debt covenants.

End-September 2025

Total debt reached ₱28.81 billion, up by 17.66% from end-2024, driven mainly by the drawdown of new credit facilities to cover maturing loan obligations. In addition, short-term notes payable increased due to loans used for the buyout of the minority interest in SEC, a strategic investment of the Company.

Meanwhile, total equity declined by 16.16% to ₱17.79 billion. This was mainly attributable to the ₱3.9-billion reduction in non-controlling interests following AREC's acquisition of TTC's stake in SPPC and CHC's acquisition of TTC's stakes in WMPC and APMC.

As a result, the D/E ratio rose to 1.62x as of end-September 2025, from 1.15x as of end-2024. Similarly, total debt-to-capitalization ratio increased to 61.83%, from 53.58% at the end of 2024.

Projected Period (2025-2026)

ACR looks forward to an improvement in leverage over the projected period, with its total debt projected to decline and its total equity foreseen to rise, supported by earnings retention and contributions from non-controlling interests.

Financial Flexibility

ACR is listed in the Philippine Stock Exchange (PSE) and had a market capitalization of ₱2.74 billion as of November 21, 2025. In addition, as of November 2025, the Company had a substantial amount of available credit facilities which it could tap should the need arise.