



## **PRESS RELEASE**

### **Chelsea Logistics poised for growth amid COVID-19 impact**

**03 June 2020** – At its Virtual Annual Stockholders’ Meeting, Chelsea Logistics reported its strategic plans to navigate through the uncertainties brought about by the global health pandemic.

The Group’s Chief Financial Officer Ignacia S. Braga IV highlighted in her report and in the Q&A portion that the Company is still experiencing birth pains insofar as its recent investments are concerned even as it is working on the synergies across its operations. As the Group’s businesses are capital intensive, it takes time, usually years, to prepare and introduce various services to the market, and only then do cashflows gradually come in for these projects.

“While we’re focused on building our core businesses, we can see in the recent earnings report that core income has been starting to solidify and will continue to grow in the coming years. We do not immediately get to reap the rewards from our investments and hard work. We are yet to realize the full potential of these projects as they are still in the infancy stage.” said Ms. Braga.

From strengthening its core businesses in the first three years of operation, Chelsea Logistics is now poised to take advantage of the opportunities in sectors with positive and resilient economic outlook, including e-commerce which is seen to grow four times in the next five years and infrastructure projects related to the Government’s Build, Build, Build Program. The Chelsea Group is also engaged in industries which are vital to the Philippine economy such as logistics which is a fast-growing sector in the country.

While all of Chelsea Logistics’ business segments showed significant growth in the first two months of 2020, this momentum was interrupted by the COVID-19 global pandemic which led to the lockdown starting third week of March. “The COVID-19 pandemic has affected almost all industries all over the world and we are not an exception. The shipping industry has been severely affected by the ECQ and GCQ, and unfortunately this coincided with the industry’s peak season,” remarked Chelsea Logistics President & CEO Chriss Alfonsus V. Damuy.

As a response, the Company immediately revisited its future strategies, including strengthening its balance sheet and aggressive fixed asset management by slashing planned capital expenditures and disposing of aging and underperforming vessels. To scale up work efficiencies, the Group is now undergoing workforce rationalization to restructure support functions and right-size existing workforce. The Chelsea Group is working aggressively with the goal of achieving business resiliency, to be able to adjust the business to the “new normal” and protect its market share in the process during this crisis.

With limited shipping operations during the community quarantine, Chelsea Logistics intensified its logistics services to cater to other products from its previous norm, such as transporting fast-moving consumer goods and medical supplies across the country. The Group’s logistics arm, Worklink Services, continues to address the demand and requirements for logistics services particularly for specialized and efficient delivery service.

As for its upcoming infrastructure projects namely the Davao Sasa Port and Airport Modernization projects, the Group sees its revenues coming from shares from terminal fees, airport concessions, cargo handling and stevedoring, and docking charges. In addition, the Group is also considering synergies with its existing services in tankering, tugboat assist and freight services.

Mr. Damuy also clarified during the Q&A session that the Group has been in talks with possible partners with operations overseas which the Company foresees to bring value to the business considering their wide experience in shipping.

“These discussions are still on the initial stages and we will disclose further details once plans are more definite. We are overly cautious on this matter as we wanted to enter into a partnership that will not



## INVESTOR RELATIONS CONTACT

E: [ir@chelsealogistics.ph](mailto:ir@chelsealogistics.ph)

only bring in financial investments, but also bring in expertise, best practices and value to the overall business,” added Mr. Damuy.

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### **ABOUT THE COMPANY**

Chelsea Logistics and Infrastructure Holdings Corp. (C) is the fastest growing shipping and logistics company in the Philippines. Established on 26 August 2016, CLC was created to act as the holding company of the shipping and logistics arm business segments of the Udenna Group of Companies. On August 8, 2017, the Company went public and its shares of stock were initially listed at the Philippine Stock Exchange (PSE). The Company is engaged in shipping and logistics businesses with key segments divided into: (i) Charter, (ii) Passage, (iii) Freight, (iv) Tugboat services, and (v) Logistics services.