



**INVESTOR RELATIONS CONTACT**  
E: [ir@chelsealogistics.ph](mailto:ir@chelsealogistics.ph)

## **PRESS RELEASE**

### **COVID-19 impacts 1H2020 performance**

**12 August 2020** – The Chelsea Group's 2020 first half gross revenues declined 26% year-on-year to PhP 2.572 billion from PhP 3.495 billion primarily due to the impact of the Enhanced Community Quarantine (ECQ) that began on 16 March and loosened in certain areas of the country only by 15 May. The challenging business environment caused the Group to swing to a PhP 1.29 billion net loss from a PhP 308 million net profit in the same period last year.

The Group's shipping business recorded a 26% year-on-year decline in revenues from PhP 3.272 billion to PhP 2.413 billion owing mainly to a very steep 97% year-on-year drop in the passage segment in 2Q2020 to just PhP 14 million from PhP 437 million in 2Q2019 due the ECQ implementation. However, the strong 40% year-on-year increase in passage revenues in 1Q2020 mitigated the year-to-date decline with 1H2020 passage revenues down by 42% to PhP 427 million from PhP 733 million in the same period last year. Chelsea's freight and logistics' 1H2020 revenues also recorded a year-on-year decline by 24% and 29% respectively, as the ECQ brought on less demand resulting in lower voyage frequency.

At the operating level, the Group swung to PhP 278 million loss from a PhP 727 million profit during the same time last year. The reversal is mainly attributable to the Group's limited operations across all its business segments with the implementation of the ECQ covering nearly the entire second quarter, which is the strongest and most profitable season for the company and the industry.

Given the current environment, the Group has already put into place several measures to stem the losses and improve its financial health. These measures include workforce rationalization, improved vessel utilization, enhanced revenue management, cost cutting strategies, and suspension of uncommitted capital expenditure programs.

Chelsea CFO Ignacia Braga S. Braga IV said, "We continue to thank our creditors and shareholders who remain very supportive of the Chelsea Group and our employees for the dedication and hardwork in these trying times. "

Chelsea President & CEO Chryss Alfonsus V. Damuy closed on a positive note, "Despite the results, we remain hopeful as we have been seeing signs of recovery at the beginning of the third quarter with freight business revenues already at almost the same levels pre-COVID-19. We are also confident that our passenger business will soon restart and make meaningful revenue and profit contributions to the Group."

"In the pipeline, we also have investments which will generate significant cashflows: a brand-new vessel to start its operations this October and our 2.5-hectare logistics warehouse which will be completed by the first quarter of next year. Furthermore, the Chelsea Board of Directors has also approved the issuance of recovery bonds that will significantly strengthen our balance sheet going forward," concluded 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 Udena 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.