



INVESTOR RELATIONS CONTACT
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PRESS RELEASE

Pandemic continues to affect Chelsea Logistics' profitability ***Shows sequential improvements in 4Q2020***

22 April 2021 – With the continued challenging business environment caused by the ongoing global COVID-19 pandemic, the Chelsea Group ended 2020 with a P3.311 billion net loss.

The year had actually started well with revenues in the first two months of the year up 11% year-on-year prior to the start of the peak season. However, due to the severe restrictions imposed on the shipping industry by the government-mandated quarantines which started with the Enhanced Community Quarantine (ECQ) in March, the Group's revenues were down 35% year-on-year to P4.679 billion with the passage and freight segments severely affected. Passage revenues plunged by 65% to P501 million while freight revenues dropped 22% to P2.097 billion. Charter fees also dropped 41% to P1.165 billion. On the other hand, revenues from tugboat fees increased by 4% to P351 million.

The Group's extensive cost-containment initiatives and programs were able to shave off 5% from its cost of sales and services to P5.298 billion but unfortunately at the gross level, Chelsea swung from a P1.631 billion gross profit in 2019 to a P619 million loss. Unparalleled variance to net decline in net revenue of the Group's cost of sales and services was driven by costs incurred by vessels put on laid up status, and by additions on property and equipment and impairment losses. The laid up vessels continue to incur costs on salaries and wages for the minimum manning requirement, port expenses, bunker fuel, insurance, and depreciation and amortization. Coupled with the lower number of trips in 2020, vessels in operation also moved at a lower load factor as demand significantly declined due to travel restrictions and lower cargo volumes.

Other operating expenses moved up by 5% to P1.042 billion due to the full year effect of PFRS 16 – leases application and additional contracts during the year, increasing depreciation and amortization expense by P58 million to P117 million. Furthermore, the continued expansion of the Group increased outside services costs by P87 million to P145 million.

Chelsea President & CEO Chrissy Alfonsus V. Damuy reported - "The 2020 financial results were disappointing with a wider loss compared to the previous year. However, we have seen some segment-specific recoveries in the fourth quarter. Throughout the year we continued to work on preparing the Group for a recovery that we see will happen by the second half of 2021."

Evidently the Group has already seen some recovery, particularly in the freight segment with 4Q revenues up by 155% quarter-on-quarter versus 47% over the same time periods in 2019. Freight revenues of P811 million in 4Q2020 are now just 16% shy of the P967 million reported in the same quarter in the previous year.

Moreover, the Group's on-going measures to stem its losses on the cost side have been brought about mainly through workforce rationalization, improved vessel utilization, route rationalization, enhanced revenue management, disposal of aging and non-performing vessels, cost-cutting initiatives and the suspension of uncommitted capital expenditure programs. The Chelsea Group is also scheduled to complete its disposal of its equity interest in 2Go Group Inc (2GO) by the second quarter of 2021.



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Chelsea CFO Ignacia S. Braga IV summarized the Group's financial performance, "The Group's cost-containment initiatives were painful but necessary to ensure its future viability and growth. This is short-term pain for long-term gain. Especially in these difficult times, we continue to thank our creditors, suppliers and shareholders who continue believe in the Chelsea Group vision and story."

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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.