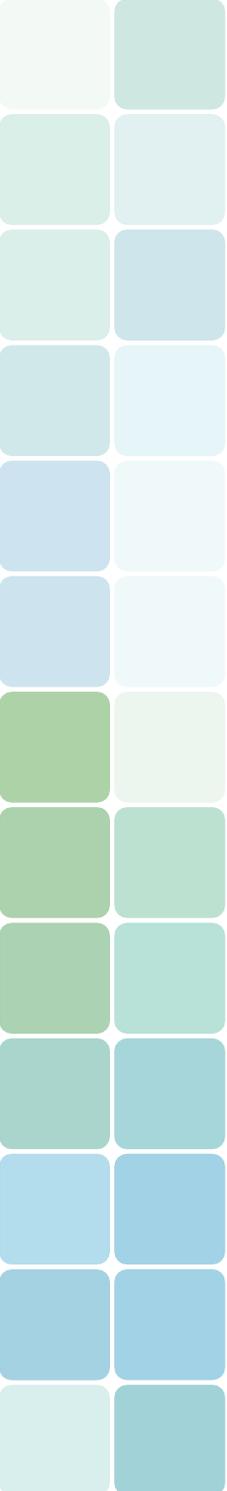


2020 CEBA COVID-19 Cold Chain Business Impact Survey Summary



Author

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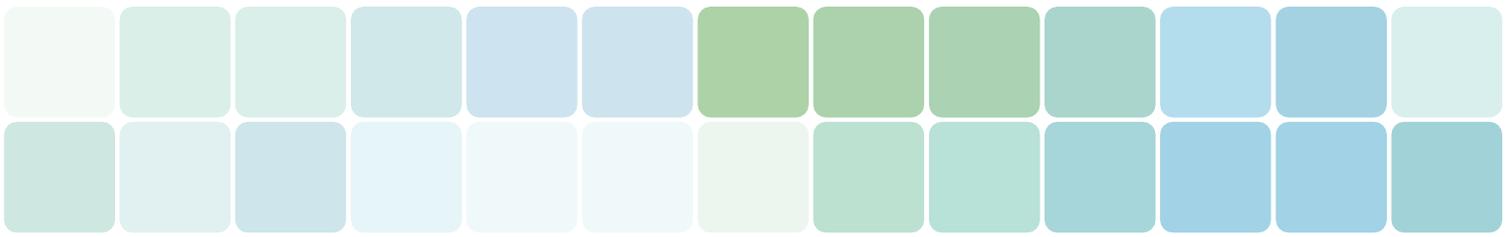
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Introduction

On January 30, 2020 the International Health Regulations Emergency Committee of the World Health Organization (WHO) declared the outbreak of the SARS-COV-2 virus, and the disease it causes, COVID-19 (also colloquially called the coronavirus), a public health emergency of international concern. The World Health Organization made the assessment that COVID-19 could be characterized as a pandemic on March 11, 2020 due to the alarming levels of spread and severity.

Since it began, the pandemic has had a ripple effects globally on human life and social and economic activity. Countries, states, provinces, and local communities have implemented various methods to reduce the effects of the virus. Various agencies have made strong efforts to track the effects of the virus related to number of illnesses, deaths, and medical capacities to treat the virus. Less information is available on the economic or operational effect of the pandemic on specific industries.

To help understand the ripple effects of the pandemic on the cold chain industry, the Global Cold Chain Alliance (GCCA) conducted a survey between July 7, 2020 and July 27, 2020. The survey captured qualitative data from GCCA Controlled Environment Building Association (CEBA) member companies including general contractor or design, sub-contractors, thermal envelope contractors and others across the industry.

The survey questionnaire covered 15 questions and had 31 usable responses. A full set of the questions can be found at the end of the document.

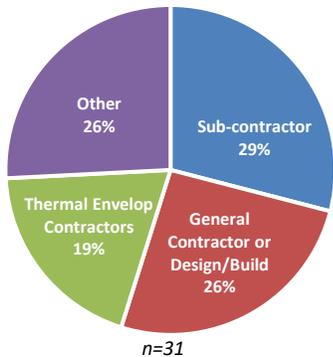
GCCA would like to thank those who responded to the 2020 CEBA COVID-19 Business Impact Survey. Without the data the members provided, this report would not have been possible. This report is available in full and free of charge for all members and is meant to provide a quick visualization of the data.

Respondent Demographics

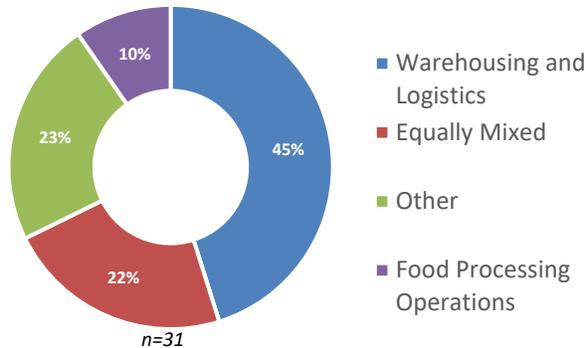
Scope

Across the 31 responses, 5 countries were represented in the data with 81% of the responses from the United States. Respondents identified both their company type and business type. Business type is based on the approximate percentage of business supporting various segments of the cold chain industry.

Company Type



Business Type



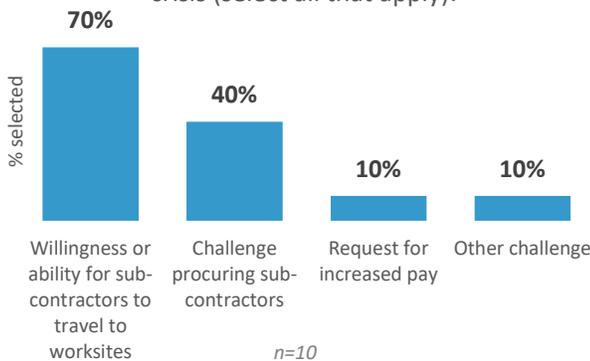
*classified according to largest percentage of business

Business Challenges

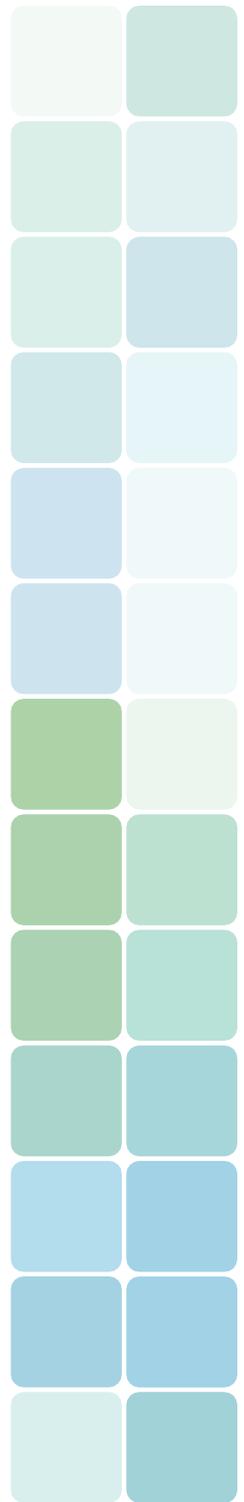
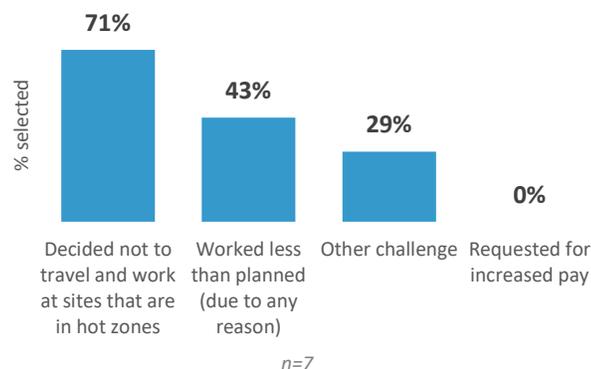
Challenges

The pandemic has caused many challenges that businesses have needed to address and work through. The most frequently selected challenge in the construction space was the willingness or ability for sub-contractors to travel to worksites. General contractors had challenges procuring sub-contractors which is an interesting observation due to sub-contractors saying they worked less than planned (due to any reason such as crowded worksites, less work available, etc.). This result highlights the true impact of the pandemic across the construction industry. It should be noted that the number of responses are low and therefore the results should be interpreted as directional only.

General Contractors: Related to sub-contractors, have you experienced any of the of the following challenges during the crisis (select all that apply):



Sub-Contractors: Have you experienced any of the of the following challenges during the crisis (select all that apply):

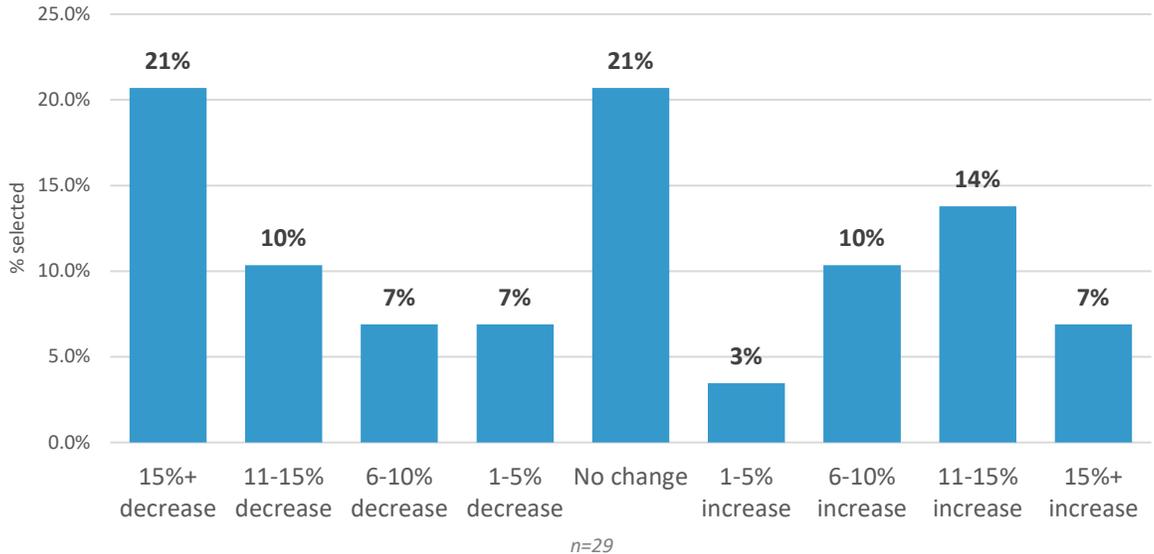


Financial Impact

Revenue

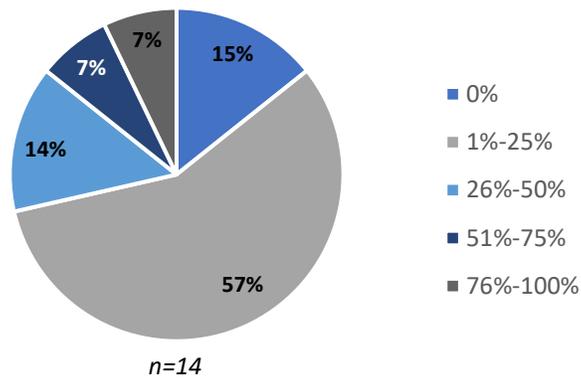
Anticipated business operations and revenue projections have changed due to the pandemic. When asked about actual Q1/Q2 revenue versus Q1/Q2 pre-crisis revenue expectations, 45% of all respondents reported some type of a decrease, 21% saw no change, and 34% reported an increase in revenue.

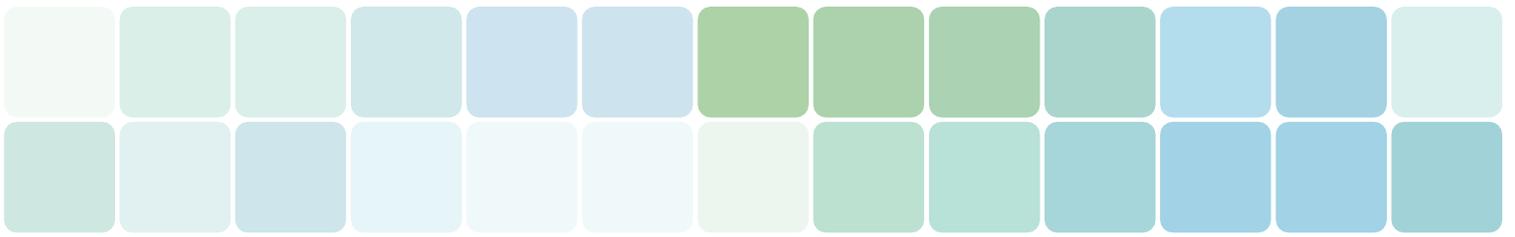
What do you believe the financial impact on revenue (percentage):
a) has been to date (actual Q1-Q2 vs pre-crisis expectations)



It was encouraging to see that for those who reported a decrease in revenue, 85% indicated that at least some of the lost revenue would be moved or pushed to 2021. The average revenue estimated to be moved to 2021 was approximately 24% across all those who responded but the percentage varied greatly.

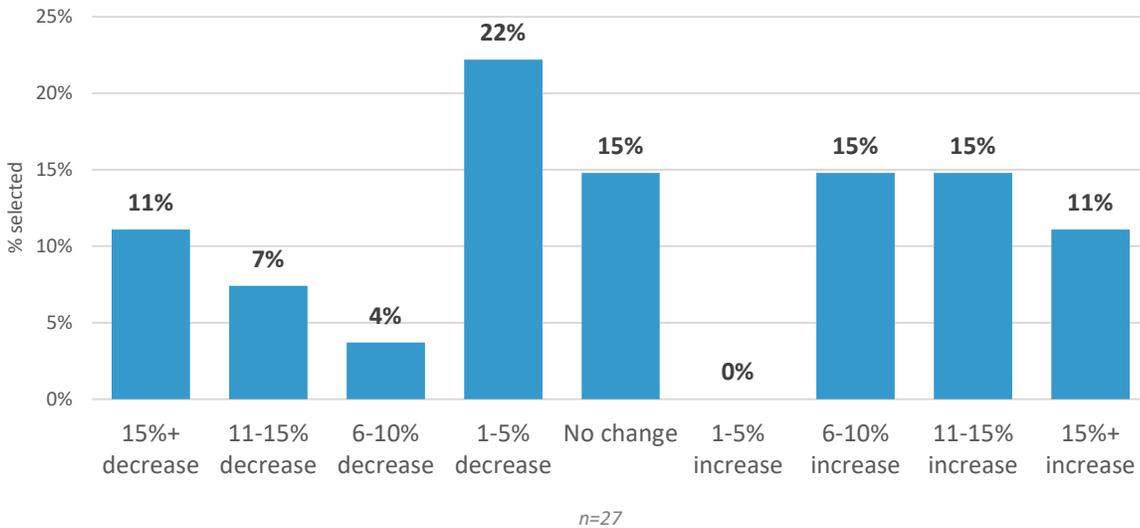
If you have seen a revenue decrease in FY20 so far or anticipate one for the rest of the year, approximately what % of revenue decrease has been moved/pushed to 2021?





Looking into the future, respondents believe the next six months may look very similar to the past few months, but a bit better, with 44% believing there will be some type of a decrease, 15% see no change, and 41% believe they will see an increase in revenue. For those who believe they will experience a decrease in revenue relative to pre-crisis expectations, respondents believe they will experience less significant decreases than what has previously occurred.

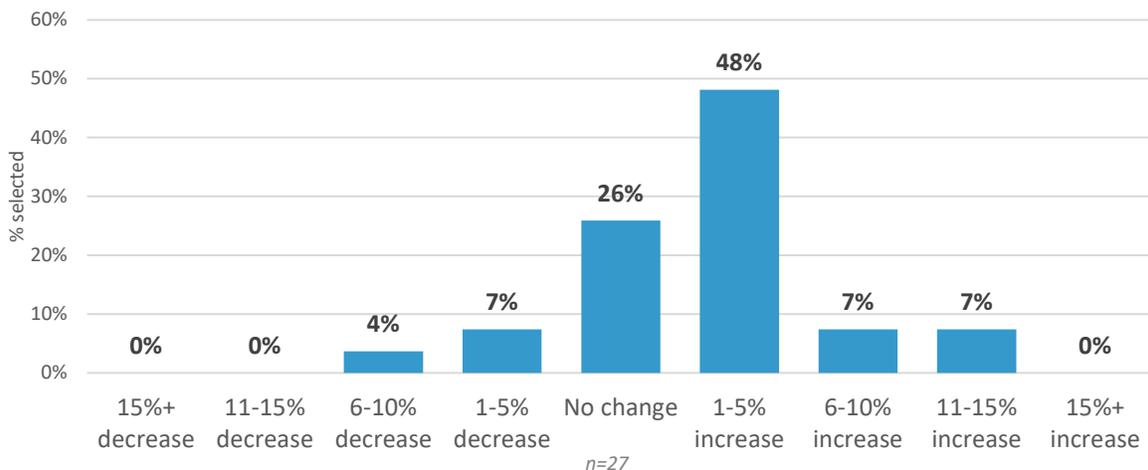
What do you believe the financial impact on revenue (percentage) across the next 6 months (actual 2020 vs pre-crisis expectations)



Costs

In addition to impacts on revenues, the costs of doing business have changed due to COVID-19. Approximately 63% of respondents indicated an increase in costs, with the most common uptick of costs between 1-5% increase, while 26% have seen no change.

What has been the impact on your monthly cost of doing business due to any changes in work flow and/or process – extra cleaning, sanitizing, staggering work shifts, food for employees, employee transportation, overtime/appreciation pay, etc.?

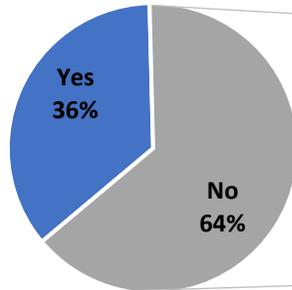


Business Projects

Design Adjustments

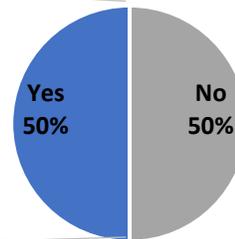
Due to the pandemic and recommended social distancing guidelines to minimize risk to employees, facilities have made key adjustments both in operations and in physical buildings. Slightly over a third of CEBA members have helped to reconfigure existing customer facilities, and another third anticipate helping customers do so in the future. Common reconfigurations include adding barriers, walling, workstations, improving airflow/filtration, and adjustments for picking, docking and storage accounting for people flow and social distancing.

Has your company helped to reconfigure existing customer facilities for operational modifications and physical distancing due to COVID-19?



n=28

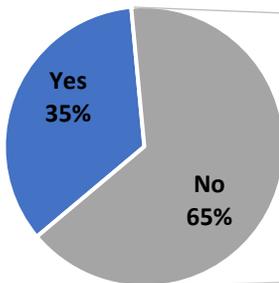
Do you anticipate helping customers reconfigure?



n=18

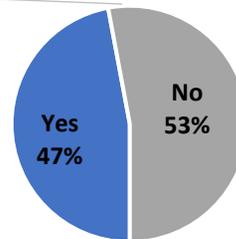
The results show a very similar trend when asked about new build project adjustments stemming from COVID-19. Adjustments implemented in new designs include increase break rooms, sanitation stations and antechambers, employee screening areas, cyber security for remote access to critical systems, reconfiguring picking and dock areas to reduce congregation and improve flow.

Have you adjusted any designs/plans for new builds to account for business changes stemming from COVID-19?



n=26

Do you anticipate doing so?

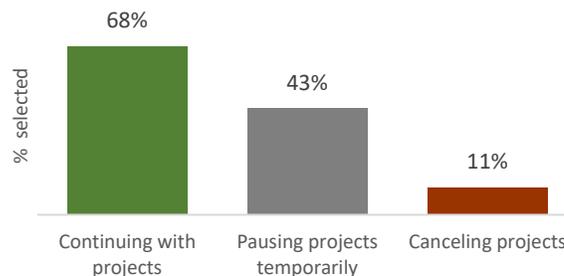


n=17

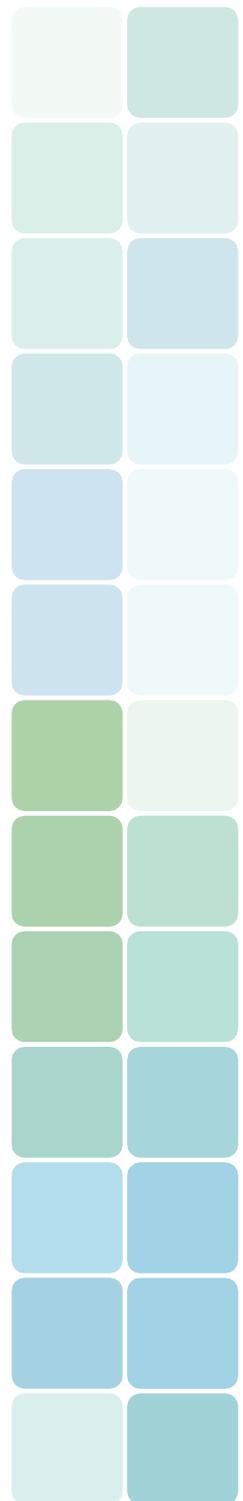
Project Status

Customers, accounting for the many factors caused by the pandemic, have continued, paused, or canceled construction or retrofit projects. Only 11% indicated their customers have cancelled projects, while over two thirds still have current projects continuing.

In conversations with your customers about current and potential projects (retrofits, new builds), they are:



n=28

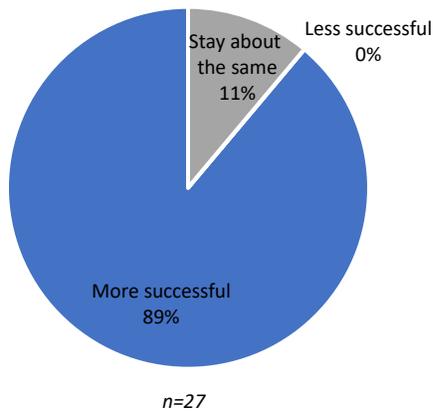


Future Outlook

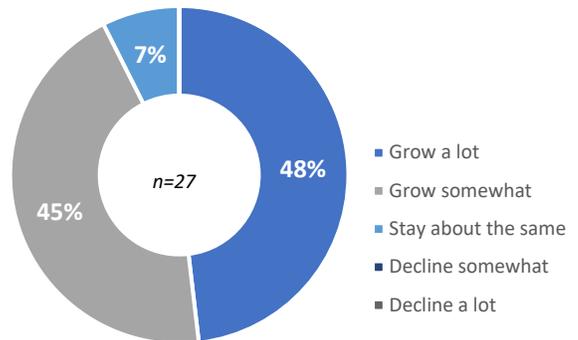
Business and Industry Success

While the crisis has reshaped the view of the future, respondents are optimistic both about their own operations and the cold chain industry as a whole. Almost 90% believe their company will be more successful in the next two years, which is identically aligned with the 2020 GCCA Industry Trends Report. This optimism most likely contributes to 93% believing the industry will grow somewhat or a lot in the next two years highlighting the critical nature of the cold chain industry.

In the next two years, do you expect your business to be:

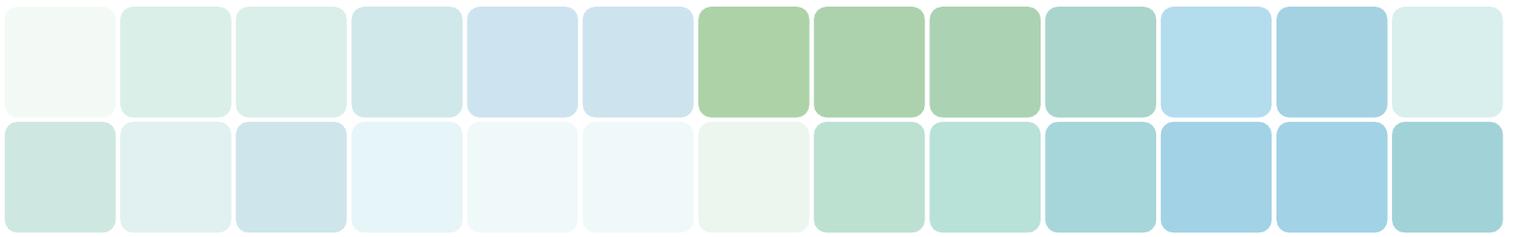


In the next two years, do you expect the Cold Chain Industry to:



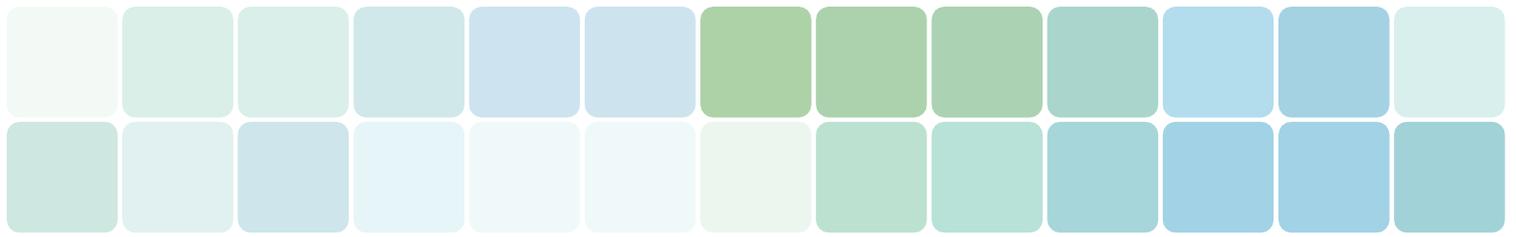
Summary

The COVID-19 pandemic has caused disruptions across the food supply chain highlighting the critical role cold storage plays in food supply systems. The controlled environment building industry has not been immune to these disruptions, but businesses are helping their customers adapt to the new reality through reconfigurations and adjustments to continuing projects. Revenues have been impacted negatively but some of that lost revenue will be captured next year. Overall, there is general optimism that the industry will continue to grow, and companies will be successful despite the past and current challenges. CEBA members now more than ever, will play a critical role in ensuring we have the capacity to deliver safe, high quality food to all consumers.

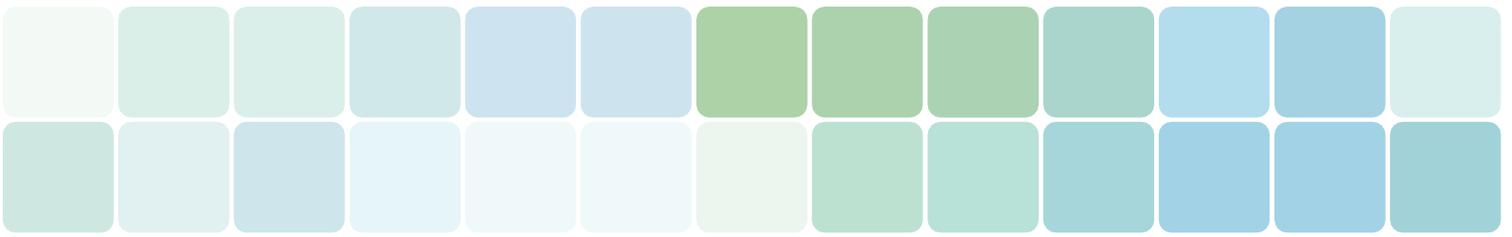


Survey Questionnaire

1. Position/Job title:
2. Company type:
 - a. General Contractor or Design/Build
 - b. Thermal Envelope Contractors
 - c. Sub-contractor (ex. Refrigeration Contractors, Equipment Providers, etc.)
3. Country:
4. State/Province:
5. Classify your business by entering the approximate percentage (%) of construction business supporting the following types of operations/projects:
 - a. Cold Storage Warehousing and Logistics: _____
 - b. Food Processing Operations: _____
 - c. Other (please specify): _____
6. What do you believe the financial impact on **revenue** (percentage)...
 - a. has been to date (actual vs pre-crisis expectations)
 - i. 15%+ increase
 1. If selected, approximately what % increase?
 - ii. 11-15% increase
 - iii. 6-10% increase
 - iv. 1-5% increase
 - v. No change
 - vi. 1-5% decrease
 - vii. 6-10% decrease
 - viii. 11-15% decrease
 - ix. 15%+ decrease
 1. If selected, approximately what % increase?
 - b. could be across the next 6 months (actual vs pre-crisis expectations)
 - i. 15%+ increase
 1. If selected, approximately what % increase?
 - ii. 11-15% increase
 - iii. 6-10% increase
 - iv. 1-5% increase
 - v. No change
 - vi. 1-5% decrease
 - vii. 6-10% decrease
 - viii. 11-15% decrease
 - ix. 15%+ decrease
 1. If selected, approximately what % increase?
7. If you have seen a decrease so far this year anticipate one later this year, what percentage of that decrease has been moved/pushed to 2021?
 - a. _____
 - b. No decrease in revenue



8. What has been the impact on your monthly cost of doing business due to any changes in workflow and/or process – extra cleaning, sanitizing, staggering work shifts, food for employees, employee transportation, overtime/appreciation pay, etc.?
 - i. 15%+ increase
 1. If selected, approximately what % increase?
 - ii. 11-15% increase
 - iii. 6-10% increase
 - iv. 1-5% increase
 - v. No change
 - vi. 1-5% decrease
 - vii. 6-10% decrease
 - viii. 11-15% decrease
 - ix. 15%+ decrease
 1. If selected, approximately what % increase?
9. Has your company helped to reconfigure existing customer facilities for operational modifications and physical distancing due to COVID-19?
 - a. Yes
 - i. How have you reconfigured?
 - b. No
 - i. Do you anticipate doing so?
10. Have you adjusted any designs/plans for new builds to account for business changes stemming from COVID-19? This could be due to operational modifications implemented during the crisis that are advantageous and will be kept in the future.
 - a. Yes
 - i. How have you adjusted?
 - b. No
 - i. Do you anticipate doing so?
11. In conversations with our customers about potential projects (retrofits, new builds), they are:
 - a. Continuing with projects
 - b. Pausing projects temporarily
 - c. Cancelling projects
 - d. Other (please specify):
 - i. If selected, what types of projects are these?
 1. Cold storage warehousing & logistics
 2. Food processing
 3. Other (specify):
12. If general contractor, “Related to sub-contractors have you experienced any of the following during the crisis (select all that apply):
 - a. Challenges procuring sub-contractors
 - b. Willingness or ability for sub-contractors to travel to work sites
 - c. Request for increased pay
 - d. Other (specify)
13. If sub-contractors, “During the crisis have you:
 - a. Worked less (due to any reason such as caution for being around others at the worksite, less work available, etc.)
 - b. Decided not to travel to worksites that are in hot zones
 - c. Requested increased pay
 - d. Other (specify):



- 14. In the next two years, do you expect the Cold Chain Industry to:
 - a. Grow a lot
 - b. Grow somewhat
 - c. Stay about the same
 - d. Decline somewhat
 - e. Decline a lot

- 15. In the next two years, do you expect your company to be
 - a. More successful
 - b. Less successful
 - c. Stay about the same

