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2 March 2026

Customer Advisory

Operational Environment and Service Investment Update

Dear Valued Customers,

As part of our ongoing commitment to providing safe, reliable, and on-time shipping services across Papua New Guinea, we wish to share an update on the current operating environment and the key investments being undertaken by CEL to support service continuity in 2026 and beyond.

The PNG maritime operating landscape continues to be complex and cost-intensive, driven by infrastructure constraints, regulatory changes, and increasing input costs. In response, CEL has made, and continues to make, significant investments to ensure service resilience and customer reliability.

Key factors influencing the current cost environment include:

1. **Fleet maintenance and asset integrity**

During February and March, CEL is undertaking major repair and maintenance works in Lae on the four sister vessels: *Bougainville Coast, Niugini Coast, Gazelle Coast,* and *Papuan Coast*. In parallel, *Kimbe Chief* is scheduled for dry-docking in March in Singapore.

These works are critical to maintaining vessel integrity, minimising unplanned downtime, and ensuring schedule reliability throughout 2026. Repair, maintenance, and dry-docking activities are capital-intensive by nature; however, CEL continues to prioritise these investments to deliver consistent performance and reduce disruption risk to customers.

2. **Increased third-party vendor and labour costs**

Effective 1 January 2026, minimum wage adjustments in Papua New Guinea have directly impacted CEL third-party vendor costs across ancillary operational services. These increases flow through CEL's operating cost base via essential service providers required to support key operations.

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3. Equipment availability and supply chain resilience

In response to widespread equipment shortages experienced across the PNG market last year and the feedback received from customers; CEL has invested in the acquisition of 490 new dry containers and 80 new refrigerated containers.

This significant capital investment is aimed at improving equipment availability, reducing supply constraints, and strengthening overall service reliability across the network.

4. General cost inflation and cost of doing business in PNG

The broader inflationary environment, reflected in CPI-linked cost increases, continues to impact utilities, consumables, compliance, insurance, and operational overheads. The current operating environment requires ongoing investment to manage these pressures while maintaining high safety standards, regulatory compliance, and consistent service delivery.

5. Commitment to service reliability

Despite ongoing cost and operational pressures, CEL remains focused on delivering reliable sailing schedules, operational consistency, and equipment availability. We recognise that service disruption imposes significantly greater cost and risk to customers than planned and transparently communicated pricing adjustments supported by clearly identified cost drivers. Accordingly, effective **1 April 2026**, ocean freight rates will be increased by **PGK 1,000 per TEU** and **PGK 55 per RVT**. This adjustment reflects the level of investment required to sustain safe, reliable, and consistent services within the prevailing operating environment.

Please contact your local Agency representative for further information. We thank you for your continued support and understanding.

Kind regards,

Consort Express Lines