

## GENERAL COMMUNICATION JUNE 2021

The broader fastener market continues to experience significant turbulence which is creating upward pressure on input prices and creating increasing challenges on availability and the ability to deliver to our customers.

- Transport cost have increased from 800 USD / contained to ~4500 USD/ container early May to ~7500/8000 today with indications this will further increase to 10000 USD/ container over the next couple of months
- China is actively limiting steel production capacity and has cancelled the export subsidy per May 1<sup>st</sup> with impact of ~8% on steel and 2.5% on stainless steel
- Raw material prices show continued strong increase of ~15% vs April for Steel **(+60% vs Oct)** with increase of ~10% vs April for Stainless **(+30% vs Oct)**
- Lead times are increasing both driven by waiting times for shipping , but also scarcity in production capacity with our suppliers.

### Steel +15% vs April 1

#### HISTORICAL PRICE GRAPH



### Stainless Steel +10% vs April

#### LME NICKEL HISTORICAL PRICE GRAPH



### **Increasing Lead-times**

Despite the great achievements from our Sourcing teams to anticipate on the increasing price and market-demand, we are being confronted with increase input prices and availability challenges for some of our categories. Lead-times of Asian manufacturers have increased from 5-7 months up to 10-12 months and also sourcing in Europe is becoming extremely difficult due to scarcity in the whole market.

Earlier this year we have already implemented several measures and price-adjustments, anticipating on the fact that the market would normalize in the coming months to more "normal" price-levels. On the contrary, we are currently observing market price levels which are much higher than what we anticipated in April. With the actual market information the expectation is that raw-material prices will remain at this level for the rest of the year and also the transportation costs will remain at this level till Q4 and will hopefully start trending down around Q1.

For these reasons we are urgently forced to pass these cost increases in our sales-prices towards the market.