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## Present Situation: Supply Chain – Availabilities and Price Developments

Dear business partner,

Due to the actual political situation, especially raw material markets are reacting very nervously. We all recognize exorbitant fluctuations of prices along with peaks in both directions. Important supply chains are reacting very sensitive and very fast based on the actual happenings.

As we are not sourcing any raw materials or semi-finished products from Russia directly and only very minor portions from the Ukraine market, we are actually affected only indirectly from any economical actions.

Off course also European manufacturers and stock holders of Stainless Steel tubes and other semi-finished products are suffering from shortages and partially massive price increases, which are directly linked to the ongoing war and the related sanctions.

The Nickel price has increased extremely as a consequence of the Russian invasion into Ukraine and related speculative tradings were pushing the Nickel price to a value of more than 100.000 USD/t last week, which actually is a value of appr. factor five compared to the beginning of 2022.

As a consequence the Nickel stock exchange LME (London Metal Exchange) in London had to interrupt the trade of Nickel and the publication of market values last week. From the actual perspective LME is going to restart the trade on March 17th based on strictly limited conditions and thereby an updated value is expected to be announced the same day.

Subsequently all major European and Asian Stainless Steel Mills have recalled their quotations and prices for coils, bars, etc. within the past 10 days based on the uncertain market conditions and did not issue and new quotations to customers like us since then.

For the coming weeks we are expecting a noticeable shortage, significant reduction of inventory of bigger trading companies, a continued increase of the alloy surcharge, as well as increases on the base prices of coils, tubes and bars.

On top, additional price increases to be suspected based on the following background:

- Additional shortage of Nickel: actually LME holds an inventory of appr. 80.000 tons of Nickel (Class 1) only instead of the average inventory of 200.000 tons during 2020 and 2021!

- Risk of upcoming Russian export restrictions for Nickel: the Russian mining company Norilsk actually is the worlds second largest exporter of Nickel (Class 1) and covers appr. 50% of LME's inventory.
- Additional price increases on production utilities in the melting process and further production processing of stainless steel (electrical energy, natural gasoline, technical gases, etc.). These technical gases are especially needed in the further processing, i.e. during heat treatment of tubes and fittings according DIN11865/66 and ASME-BPE).
- Increase of transport cost: the price increases on fuel as well as the massive shortage of truck drivers are starting to have a bigger impact on the whole supply chain with a result of much higher transportation cost.

Nevertheless, we are happy to inform that for now the supply is scured from our side – however, available inventory and scheduled arrivals of raw materials for the next coming months are facing a massively grown demand from the global market.

For that reason we strongly recommend to consider your project demands and place orders for upcoming projects and supply of piping, components and construction material as early as possible.

We are ready to support with related solutions and concepts of project supply which we have successfully realized in several global projects within the past 9 months.

A close and permanent project related communication with all parties involved in the supply chain is absolutely mandatory in these special and demanding times.

We are happy to support our customers and business partners with our expertise and are looking forward be contacted at any time.

With best regards

NEUMO GmbH + Co. KG

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