



We Deliver Precision®

July 19, 2021

To Our Valued Ulbrich Customer,

We want to take this opportunity to provide an update on current market conditions. As it comes of no surprise, there has been no shortage of challenges that we face as we continue to work through the impact of the Pandemic. Recently we received news that an agreement was reached between the USW and ATI, ending the strike; however, it will take time for supply chains to normalize and evaluate the long-reaching impact of ATI's decision to reduce capacity by 500 million pounds per year.

This month we also received a Force Majeure notification from suppliers due to a supply interruption of Oxygen. Thankfully our suppliers withdrew this notification, but it shows how fragile the entire supply chain is in all products and how these issues can compound.

On a national and global basis, there is a shortage of materials. Ulbrich Stainless Steels is focused on providing materials to our customers, but it is not an easy task. Due to the low availability of material, the industry as a whole is on allocation. In many cases, the allocation provided is a fraction of demand. The current state of material availability requires careful attention to how we distribute our orders to satisfy our customer's needs to the best of our abilities. Many of the items our customers use are unique and not easily sourced from offshore. In addition, 232 tariffs are still in effect, which impacts pricing.

We do not think this situation will be resolved in the near future. The material shortages started prior to the strike announced by ATI, and the decision to reduce capacity has not changed. This has put a tremendous strain on all Integrated Mills, Re-Rollers, and Service Centers. On-Time performance from all mills have dropped to extremely low levels.

Lead Times continue to move out. Stainless lead times by Vendor range out into Q1 2022. Lead Times on Special Metals and Titanium are longer. Some Titanium products are currently at 48 weeks. Pricing continues to increase, and there can be additional increases in the future.

One of the Tenets at Ulbrich is Total Customer Responsiveness. Our employees remain focused on shipping product to our valued customers and are working on your behalf daily. This includes our entire team comprised of Sales, Purchasing, Technical Support, and Operations. All aspects of our organization continue to strive to provide the service you need.

As we work through material shortages, your ability to provide forecasted demand is critical. This allows us time for material planning. Your continued efforts are appreciated.

In closing, we would like to thank all of our customers for their business during these very unpredictable times.

Best regards,

Gregg Boucher
President Distribution Group
Vice President Product Management USSM