



*Between
Imagination
and Creation®*

Distributor Update May 27th, 2021

Dear Distributor,

This is to update you on the status of material supplies and prices.

The environment remains volatile and unsure with some suppliers guessing that we may be at the peak of the shortage crisis in terms of limited availability and ever-increasing prices. Barring other disruptions, they feel that this “peak” will last another 60 - 90 days. Raw material availability should then begin to improve with allocation restrictions easing and deliveries becoming more reliable. Across the urethane raw material spectrum, prices have increased 20% to over 100% since March 2021. Epoxy system prices are also up over 100% with supply being very limited. In short, the supplier consensus is that we will not see relief in material supply or stabilizing prices until the 4th quarter of 2021. Additionally, silicone fluid prices are on the increase.

Packaging costs continue to increase, and availability remains limited. Examples: steel drums remain in short supply and cost 50% more vs. 1 year ago, and plastic pint unit packaging costs continue to escalate. Also, we have been forced to suspend sales of some color pigments in the “9 pack small sampler sets” due to packaging being temporarily unavailable. Logistics remain an issue with a shortage of 40-foot containers and delays in truck availability affecting many orders shipping to distributors. For exports, we are experiencing vessel delays and congestion at the ports.

We wish we had better news but believe presenting an honest picture of the current landscape is in everyone’s best interest. When we have new information to share, we will update you again.

Sincerely,

Smooth-On, Inc.