

A MESSAGE FROM REGENCY WIRE

May 5, 2021

While we continue to see strong demand and record levels of production at Regency Wire, we are fighting an uphill battle on many fronts relative to current market conditions.

Many of the same issues that are effecting many suppliers across our industry are having a direct impact on Regency Wire's daily production and service rates.

After fighting our way through the pandemic with daily challenges we've never faced, we are now challenged with an unprecedented supply-chain disruption that threatens to limit our ability to control our own production planning.

We are in very rare territory as it relates to all key variables in our business:

- (1) Commodity Prices
- (2) Raw Material Availability
- (3) Transportation
- (4) Workforce Availability

We are seeing near record copper pricing at sustained levels for several weeks now. Every raw material we use to make electrical, pump, and irrigation wire and cable is in short supply and increasing in cost on an almost daily basis. Freight carriers are challenged with capacity and labor challenges. The job market is tougher than ever as the government has incentivized people to stay out of the workforce.

There has obviously been a chain of events that have put us in this challenging environment. Under the stress of the pandemic, many facilities have not been able to re-establish full production of the products we need to maintain our own expected levels of service. Hurricanes on the U.S. Gulf Coast in the fall, followed by the winter storm event in early February, have wrecked havoc on many of the petro-chemical suppliers we rely on for insulating compounds and related products.

One only needs to turn on the news or check your daily sources of trade information to realize the supply chain crisis that exists today is much more wide spread than the electrical industry. World wide demand has picked up dramatically as the pandemic has declined in many places.

Shipments from overseas are continuing to see stretched delays on delivery as shipping containers are in short supply. In many cases, containers sit for months without being unloaded in our ports. All indications are these problems will continue for months to come.

Some specifics as it relates to our own business:

Copper: Since the first of April, copper has risen .50 cents/lb. or 12.5%. Going back to January 1st, copper is up \$1.00/lb. from the December, 2020, average of \$3.53.

We had multiple copper rod suppliers shut down in February for 1-3 weeks, depending on their location and effects from the winter storm. This shortened our supply by 30% while demand was strong. Copper suppliers have struggled to keep up since then, complicated by the fact their prime raw material, copper cathode, primarily comes from overseas. We are now limited by all of our rod suppliers on how much they can ship us.

Insulating Compounds: Since the end of March, our compound cost is up 30-40%, depending upon the particular material. Some types of compound are now on allocation and this is projected to last through the summer.

Spools and Reels: Spot shortages in basic lumber and wood products are widespread. Reels for wire and cable are no exception. Not only are wood prices extremely high, it's becoming more difficult to source them from short supply issues. Our other source for spools and reels, plastic, is obviously under it's own pressures as described above.

The net effects of this supply chain storm will effect our service to our loyal customer friends in the industry. Rapidly changing prices and longer lead times will effect our service. Please plan on 4 weeks lead time at minimum. We will do the best we can to fill DBC and TIS needs at this time. We appreciate your understanding and patience as we work through these unprecedented and difficult times.

Best Regards,



Jimmy White
Regency Wire
1500 W. Malone
Sikeston, MO 63801