



**ADVANCED
TECHNOLOGY
PRODUCTS**

Manufacturers of
Thermoplastic Tubing and Spiral Recoil Hoses



** NOTICE OF POSSIBLE MATERIAL SHORTAGES **

Dear Valued Customers,

This past year has been difficult for us all, in one way or another, and although we are starting to see some improvements, we are not going to return to the norm anytime soon. With the following message, it appears as though the Covid-19 Virus has affected the Global availability of plastic raw material supplies.

ATP's Polyurethane raw material supplier has declared a Force Majeure on Ether Based Polyurethanes. This is due to an unforeseen disruption to the supply chain and is immediate and beyond their control. As a result, they will enforce an allocation of most Ether Based Polyurethanes to all customers.

What this means is that ATP's normal allocation of Polyurethane raw material will be reduced by 20%, according to our sales rep. ATP believes it is important for all customers to know the situation, and understand this is a global situation, and not just an ATP situation.

We have a limited amount of material available, and we are checking to see what else may be available from several other suppliers. Although the ATP PU material is slightly different from what is standard in the market, other compounds could be used in make/ship straight tubing applications.

We are also hearing that similar situations may occur with Polyethylene and PVC raw materials. There hasn't been any word on Nylon raw materials at this point, but my guess is it will affect that material at some point as well.

There is also the concern of price increases on each compound. While we have not experienced any price increases to date in 2021, we did receive our fare share in 2020. These amounts ranged from 4% to 12% depending on the product and raw material. Past experience has taught us that shortages of any product in demand, will result in the customer paying a higher price as the end result. The Nylon raw material shortage in 2010 saw prices increase as much as 50% over the course of 12-16 months.

As everyone is already aware, ATP just had our price increase go into effect on February 1, 2021. That price increase to our customers helped offset the increased costs for raw materials, accessory products, freight, and labor, incurred by ATP in 2020. Any additional increases of significant value would need to be passed onto our customers.

Although we don't want to induce panic, we do think that all customers need to prepare accordingly. Blanket orders will be accepted for planning and allocation purposes. We will do our best to honor those blanket orders to best of our ability. If you wish to ensure that you have sufficient product available, we advise you to order additional product now and keep it in your inventory.

We are monitoring the situation very closely with our raw material suppliers and searching for additional product beyond our normal suppliers. While the situation is not critical at this time, it could escalate in the coming weeks or within the next few months.

Please discuss your questions and/or concerns with your salesperson. Thank you for your understanding, and always, thank you for your business!

Thank you,

Duane Campbell
Vice President