

## Business Partner Information

Your reference:

Your message from the:

Our reference:

Date:

May 2021

### **Information regarding current trends on global markets – a lengthening in delivery times as a result and the need to pass on cost increases as well as associated price rises**

Dear Sirs,

We imagine that you too are currently following the challenging situation on global markets with great interest. In today's letter, we'd like to give you some information about its impact on our joint cooperation.

Wood is currently considered "the new gold and the hottest commodity" on the commodities market. Price surges and shortages are causing uncertainty. No other agricultural commodity has seen such marked increases as wood. In Germany in particular, timber prices are rising noticeably, driven among other things by high exports to the US. This is making wood scarcer and more expensive as a raw material. In addition, delivery times are getting longer and longer. We're currently in the middle of a tense period characterised, among other things, by a strong increase in demand from home and abroad. And it's not just wood – all materials are showing a similar price trajectory and availability shortage. On top of all this, there are massive cost increases at the moment in the area of freight as well, especially for container shipments to China and the US. In addition, shipping transit times have also increased significantly.

In recent years, we've succeeded in keeping our prices for the Delignit range of "Made in Germany" products very stable. Whenever your deliveries are manufactured on the basis of beech roundwood in strong added value in our factories, you as our customers have been able to benefit from this price stability over the past decade. On the other hand, in recent years there have unfortunately been – and still are – steady and in some cases massive price increases for wood-based materials made in Europe that are based on other European hardwood species such as birch and poplar. In this context, it remains to be seen to what extent the current anti-dumping proceedings will lead to additional price increases owing to punitive duties – and in any event represents a further risk in our estimation.

With our letter today, we would like to prepare you as our business partners and customers for the measures we shall have to take in response to the situation described above and, above all, to give you the opportunity to react to it.

We ask for your understanding that – despite all our internal efforts and process optimisation – we unfortunately cannot avoid passing on the various cost increases to you in the form of price rises. This affects our entire production and delivery range. Corresponding pricing measures for

our standard ranges have already been implemented to a large extent or are being prepared for short-term implementation.

Finally, we would like to address the already mentioned topic of current trends in delivery times. The environment described at the beginning of our letter also has an impact on our own production. All in all, this leads to a good utilisation situation in our altogether four factories and a lengthening of our delivery times to up to 16 weeks, or longer in some cases. We would therefore like to urge you to place an order with us for your current and future requirements as early as possible.

We'd like to thank you for the trust you have placed in us so far and hope that we may continue to enjoy an excellent working relationship in the future.

With kind regards,

**BLOMBERGER HOLZINDUSTRIE GMBH**



**Thorsten Duray**  
Managing Director