



Newco Europe UK Ltd

**THE NON-FOOD  
COMPANY**

## **Global shortages affect our performance**

We are all experiencing an extraordinary situation at present. Business-wise, we are particularly affected because our economy is under enormous pressure due to the Covid-19 pandemic. Shortages of raw materials, imbalances between supply & demand and rising transport costs are causing major problems in the supply chain and an unstable price.

### What is going on?

*Imbalance between supply & demand and shortage of raw materials:* the Covid-19 crisis has dramatically reduced the demand for fuels worldwide. As a result, refineries have reduced their production. Meanwhile, demand is rising again, but some refineries have permanently stopped or are in the process of major maintenance. This causes a shortage of basic raw materials needed for the production of oils and additives. Demand is rising and supply is lagging behind. Oil producing countries will pump more oil in the coming months, but it will not be sufficient to prevent shortages and price increases.

*Rising transport costs:* Prices for containers used for transportation still remain an uncontrollable problem. There is a shortage of sea containers and transport capacity from Asia and a huge demand for transport due to the prevailing shopping frenzy. The cost of transport via containers has already increased **fivefold** as a result. In addition, the huge demand also causes delays for many products, including car accessories. This makes it difficult for us to build up large stocks in time.

*Road and air transport hampered by lockdowns:* planes and trucks also experience problems due to the pandemic. Because of the many lockdowns and regulations in the different countries, transport is delayed or completely stopped.

*Shortage of packaging materials:* the shortage of various raw materials also causes shortages of packaging materials. Plastic and steel are particularly affected by this. Plastic is needed for almost any packaging. With steel, you can think of spray cans in which, for example, car care products are packed. And no packaging means no products.

### What do we do for you?

We always try to anticipate in time to minimise the effect of these issues for you. Unfortunately, there is much we cannot control, as explained above. What we have been able to do:

*Extra stocks for Q2:* We have managed to build up extra large stocks of a number of product groups to hopefully get through the summer. This concerns BBQ items such as charcoal and briquettes and liquids such as screenwash, AdBlue and coolant. In our best estimation, there is now sufficient stock to meet even additional demand.

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*Ongoing negotiations with suppliers:* we are constantly negotiating with our suppliers about prices, delivery times and stocks. For example, we are trying to build up stocks for Q3, Q4-2021 and Q1 2022 for various product groups. However, many of our suppliers do not accept these requests because it is also uncertain for them what the price will do.

In addition, some suppliers are no longer accepting extra-large orders, simply because they do not have enough stock due to the aforementioned tightness in the market. In this way, they also want to give other customers the opportunity to purchase products in anticipation of rising prices once again. Nevertheless, we continue to talk to our suppliers to ensure the best possible situation.

Relaxation of the measures will, of course, help to get things moving again. However, it will be a long time before we are back to our old levels. Availability problems and related price increases are therefore inevitable.

You can rest assured that this has our full attention every day. Keep an eye on the website to follow new developments. Weekly we will share an update with articles that are temporarily not available. Of course we will also inform you when products are available again.

Apologies for the inconvenience!

Kind regards,

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