

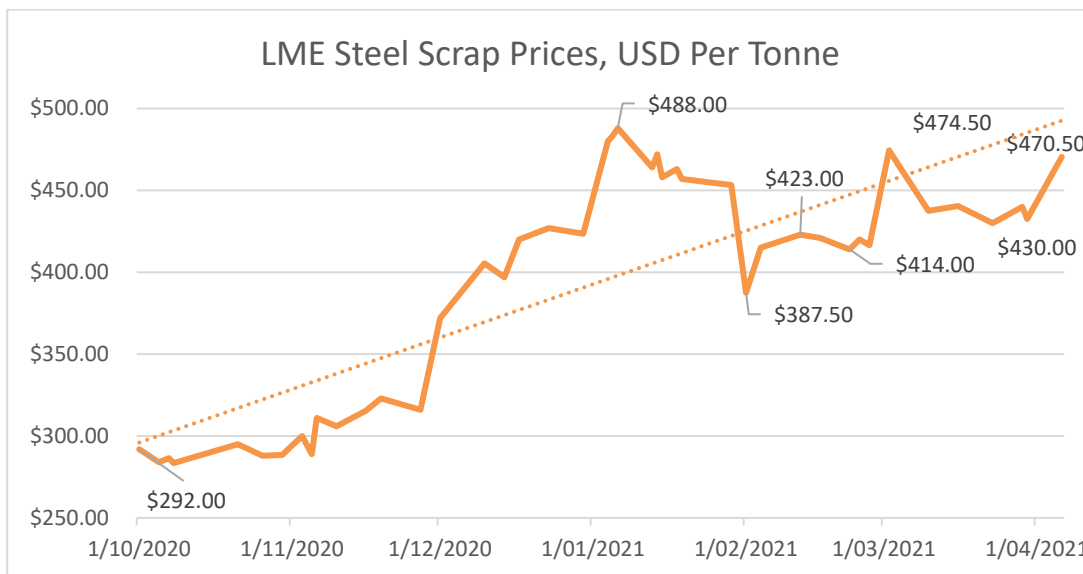
Wednesday, 14th April 2021

**Steel Market Update & Price Movement Notification**

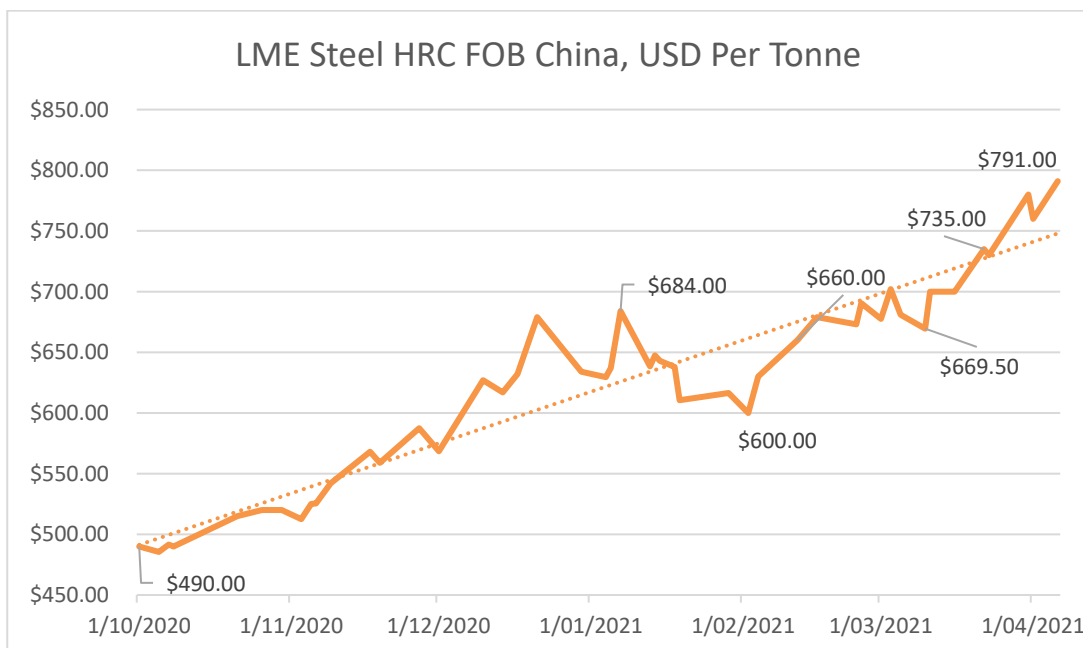
Dear valued customer,

The upward pressure on steel pricing continues due to ongoing high levels of demand and supply chain challenges, as flagged in previous letters. While scrap prices appear to be stable around USD 450/tonne the Hot Rolled Coil (HRC) price continues to climb, a reflection of the continued high demand for this product. Generally, we expect pricing will continue to increase over the coming months.

The graphs below illustrate the latest movements in scrap and HRC prices.



Source: LME Ferrous Metals - London Metal Exchange Settlement Rates



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This HRC rate is at near-record levels and creates other issues for the small New Zealand market, as we are competing on the global market for material from the mills. For example, we are aware that offshore mills have been delaying some as they are securing large volume orders at significantly higher rates exporting to the US market. However, our long-standing relationships with mills globally is allowing us to secure orders and focus on improving availability while actively managing our cost position, such that we can continue to provide competitive pricing to our customers.

We work closely with the mills to provide detailed forecasts which aid us in reserving mill and shipping capacity. So, if you are aware of any significant projects or change in production please talk to your account manager to ensure we are making the appropriate changes to our stock.

In response to ongoing price pressure, we will be implementing a price increase effective 10<sup>th</sup> May across all products. As price changes vary significantly within each product group, we are unable to list all the changes.

We understand that a simple across-the-board percentage increase would be easier to handle, but we are trying to keep the increases to a manageable level, and in order to achieve this we are reviewing pricing down to item level.

Please contact your account manager for more detail on price increases, in addition to how we may be able to assist you during this period of volatility (e.g. providing letters verifying the reasons for price increases).

We appreciate your continued support.

Yours faithfully,



Nicholas Wheadon  
Head of Sales - Fletcher Steel