



March 8, 2022

Dear Valued Ulbrich Customer,

Russia's invasion of the Ukraine has had significant impacts already within the metal's marketplace. Multiple components that go into the manufacture of stainless steel and specialty alloys are mined in those two countries.

Yesterday, nickel prices spiked into the \$20's after starting off in the mid-teens. Today, after a significant nickel price drop on the London Metal Exchange (LME), trading of nickel was suspended. It appears some of the volatility is due to some investors buying large amounts of nickel trying to protect their short bets. Due to this nickel situation, numerous melt mills have already put a halt on order entry until this situation settles itself out.

Ulbrich previously anticipated future demands spiking quickly in aerospace as that market recovers. We had already adjusted our orderbooks up because of this likely situation. Now, even with other upsets like the strike at Special Metals Corp., we've been able to put ourselves in a more positive position vs. if we had just waited to adjust our buying strategies when changes in the market naturally occurred.

As a result of these various situations, specialty alloy melt mill's lead-times have become extended. On top of that we have rising fuel prices that we're all seeing at the pump. Because of these factors it's important that our customers be aware of what these scenarios will mean to them.

Surcharge is the most obvious place where we'll see an impact due to this volatility. Over the past few months we've already seen a climb in the alloys that drive the surcharges. Also, with the fuel situation, transportation costs from the melt mills will continue to increase even further. All these factors will continue to drive up costs that will impact both the base prices of metals as well as the surcharges.

We encourage our customers to expect continued rising prices as well as potential extended lead-times in some sectors of their business. Ulbrich will continue to effectively manage our inventory positions and will pro-actively communicate what we're seeing with our customers.

Sincerely,

Michael Alstrits
Vice President of Sales