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Dear Valued Customer:

I'm sure most of you are aware of the very serious situation that has developed with the global supply of fiberglass, particularly multi-end roving (gun roving, SMC roving), chopped strand mat and woven roving. We felt it important to communicate to you what has created this situation and the actions Composites One is taking to ensure our customers have the fiberglass products they need to continue production. These are some of the major factors affecting the supply and price of various fiberglass products:

- Global demand of gun roving and other products has outstripped supply. Since the pandemic-produced economic slowdown of last April and May, North America has seen a sharp increase in consumer demand of boats, recreational vehicles, pools and spas along with increasing demand of other composites products. Many of these products use gun roving and that demand continues to escalate. In China, the demand for these fiberglass products is even stronger and no substantial capacity has been added to global fiberglass production over the past year. The multi-end roving plants globally that support North American composites producers are at capacity with no short-term ability to increase production and demand continues to increase.
- Chinese manufacturers of fiberglass products have been paying and absorbing most if not all of the 25% tariff to export to the U.S. for over two years. With the significant demand of fiberglass products in China, Chinese producers have steadily increased the price of these products in China making the market in China much more profitable. As a result, they are no longer willing to absorb these tariffs to ship to the U.S. Added to this price pressure, the Chinese Yuan has consistently strengthened against the U.S. Dollar since May of last year, while all fiberglass manufacturers are experiencing inflation in prices of raw materials, energy, precious metals, and transportation.
- The dramatic increase of all exports from China over the past eight months have created a severe shortage in shipping containers worldwide. The numbers vary depending on different regions, but for approximately every three containers being shipped from China, only one is being returned and the cost of container freight has more than doubled in some cases since last June. Domestically, truckload and less-than-truckload freight has also steadily increased because of lack of capacity and COVID related issues. Delays in receiving fiberglass products and associated cost increases from producers worldwide are real and creating additional supply disruptions.

At Composites One, we have been communicating extensively with our fiberglass suppliers as this short supply situation developed, and frankly, have been very concerned if we would be able to obtain the needed inventory of products to allow our customers to maintain their current production levels. We are pleased to tell you that we believe, based on the information we have now, that we will continue to supply fiberglass products in historical quantities to our customers who are currently buying these products from us. At this time, we cannot accept multi-end roving, chopped strands, chopped strand mat, or woven roving orders from customers who do not have a recent history of buying these products from us.

Our very sharp focus has been to secure the required fiberglass supply to keep our customers in production. In order to do this, we have had to accept multiple price increases from our suppliers which we will not be able to absorb. It is important to understand that without these price increases, our ability to supply gun roving and related products would have been severely impaired if not impossible. Although it is expected that the global shipping container imbalance will stabilize over time, the other factors affecting price and supply will continue into the foreseeable future.

We greatly appreciate your understanding of this very unique supply situation and we will continue to communicate with you about our supply position as we get more information. Please talk to your Composites One representative with any questions. Our focus remains to be your most dependable supplier of value-add products and services and we are committed to make every effort to do so.

Best regards,



Leon Garoufalis
President & COO