

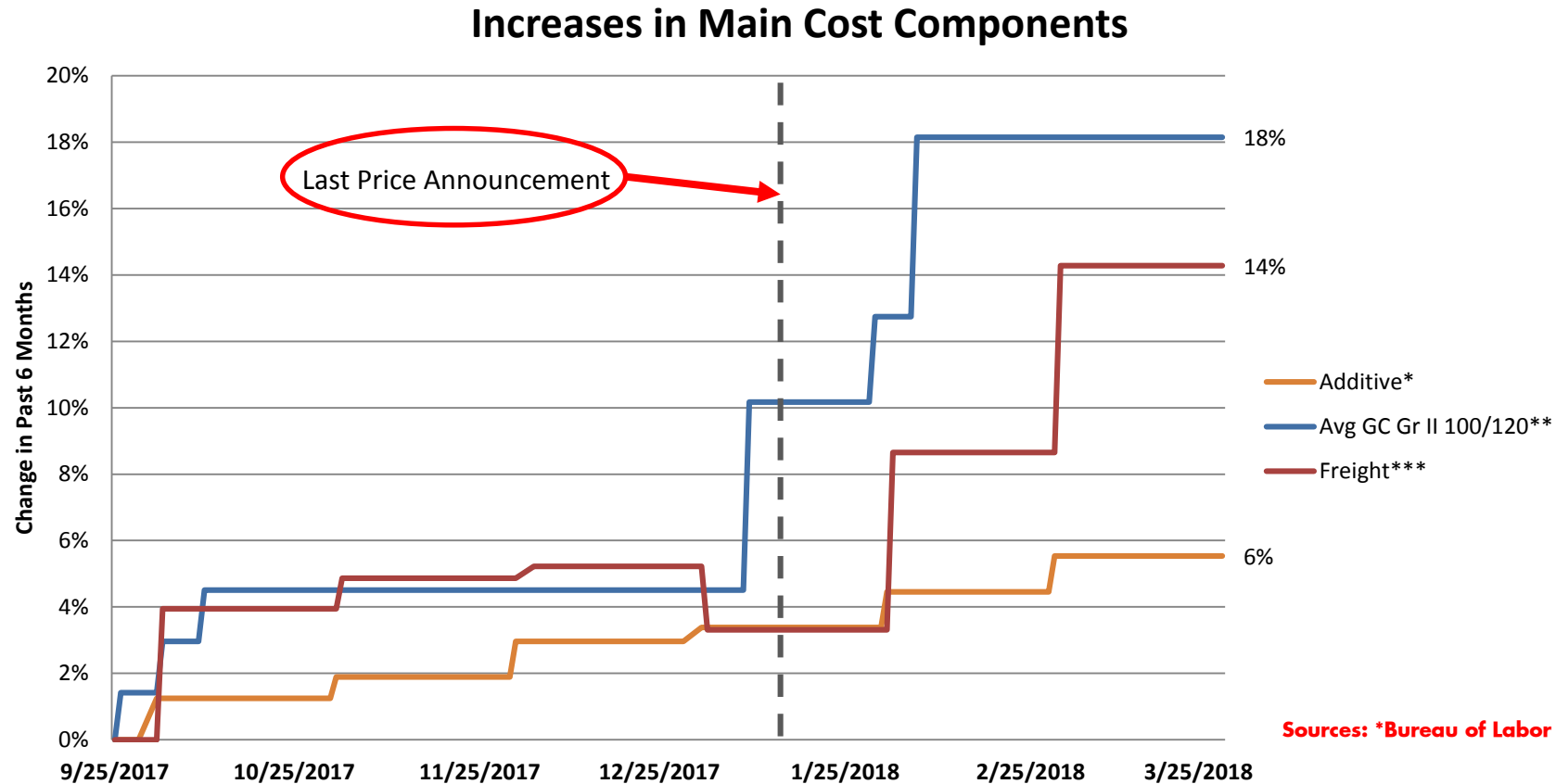


US Market Conditions

April 4, 2018

Summary View of Lubricant Components

- ❖ Due to significant increases in raw material and delivery costs for products, Shell is announcing a price increase
- ❖ The price increase will be up to 10%, effective on May 7th. Select products may fall outside of this range due to either rounding or other factors (Filters and coolants will be excluded)



Sources: *Bureau of Labor Statics, **ICIS, ***Cass Linehual Index

Base Oil Market

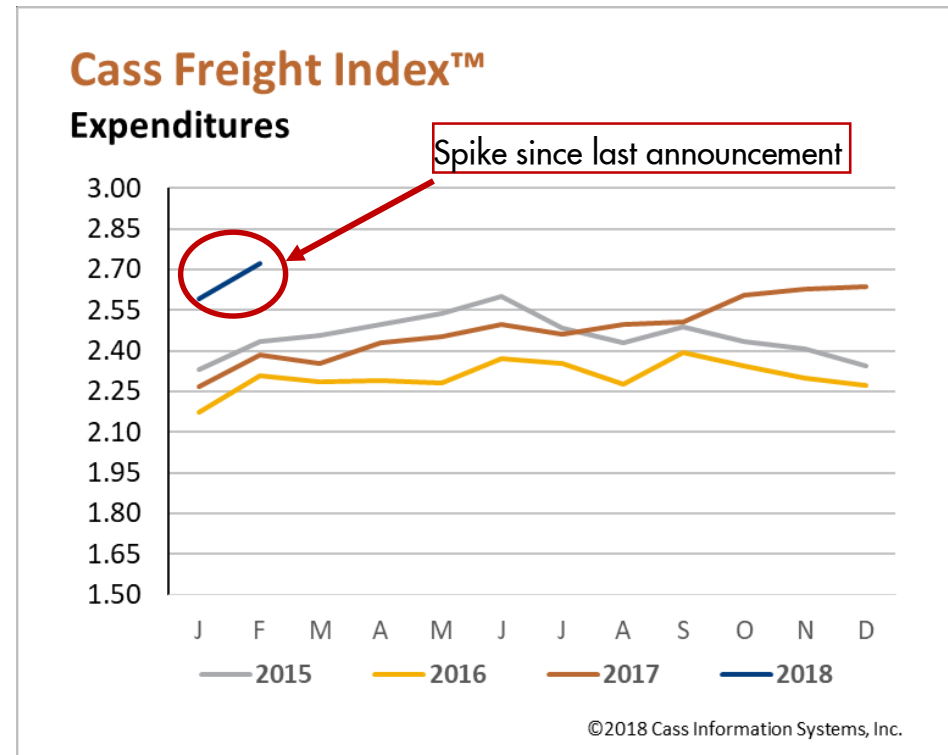
- ❖ Table below reflects per gallon changes since our last Market Conditions announcement
- ❖ This base oil increase matches the largest change in the past 6 years

Supplier	Gr I			Gr II			Gr III			Gr II+
	Lght	Mid	Hvy	Lght	Mid	Hvy	Lght	Mid	Hvy	
Chevron	N/A	N/A	N/A	+7%	+7%	+7%	N/A	N/A	N/A	N/A
Motiva	N/A	N/A	N/A	+8%	+8%	+7%	N/A	N/A	N/A	N/A
Phillips 66	N/A	N/A	N/A	+8%	+7%	+6%	N/A	N/A	N/A	N/A
FHR	N/A	N/A	N/A	+8%	+8%	+6%	N/A	N/A	N/A	N/A
XOM	+5%	+5%	+4%	N/A	N/A	N/A	N/A	N/A	N/A	+6%
SK	N/A	N/A	N/A	N/A	N/A	N/A	+4%	+4%	+4%	N/A

Transportation

- ❖ Increased freight cost driven by a systemically short carrier market linked to reduced drivers, increased road transport demand, and regulations decreasing hours on road by as much as +20%
- ❖ Spot rates for vanloads are up +30% year-over-year

Industry Trends	March 2018 vs Feb 2018	March 2018 vs March 2017
Spot Market Loads	+27%	+92%
Spot Market Capacity	+14%	-7.0%
Van Load-To-Truck	-1.5%	+116%
Van Rates (Spot)	+1.4%	+32%
Flatbed Load-To-Truck	+37%	+148%
Fuel Prices	-1.9%	+17%



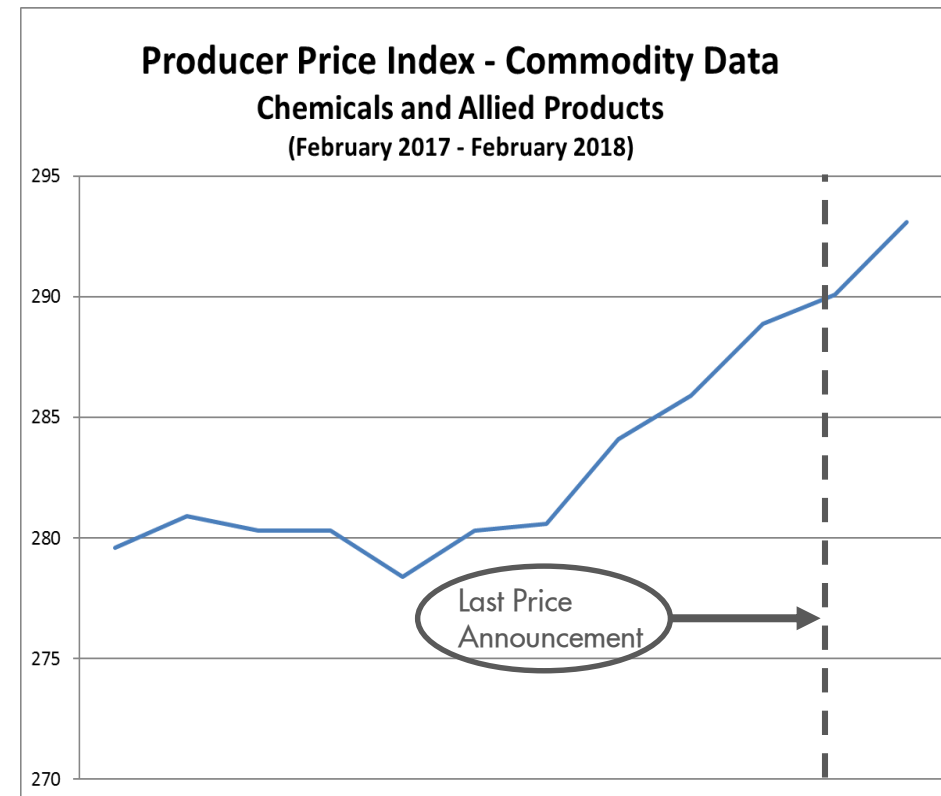
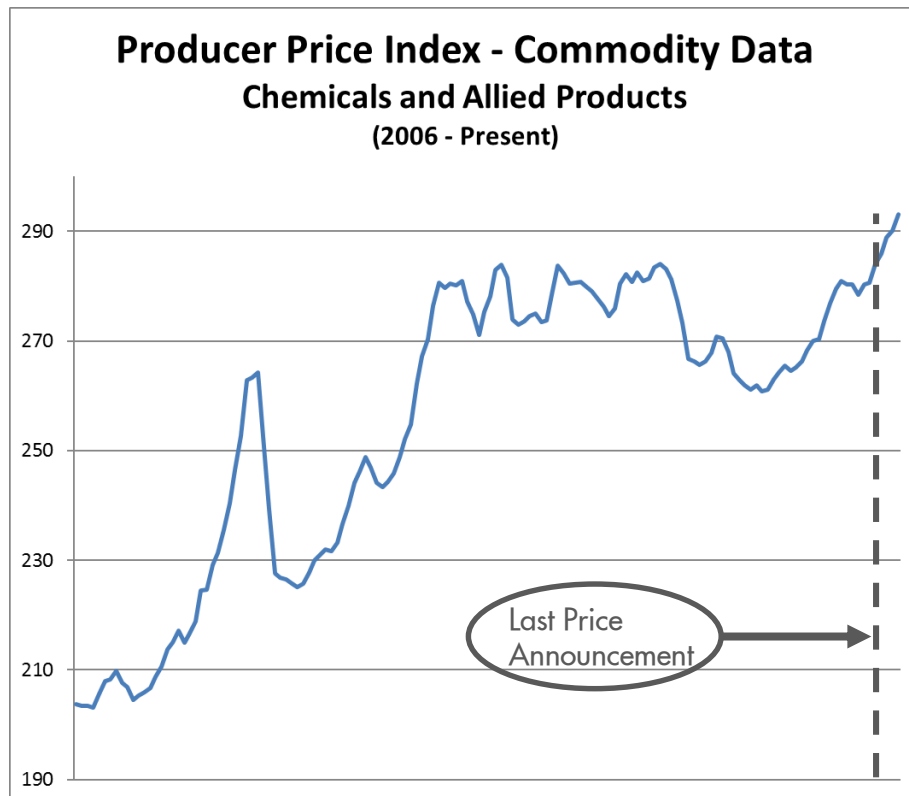
Transportation

- ❖ 13 month Pack Transportation Market Conditions
- ❖ Market is at record load-to-truck tightness



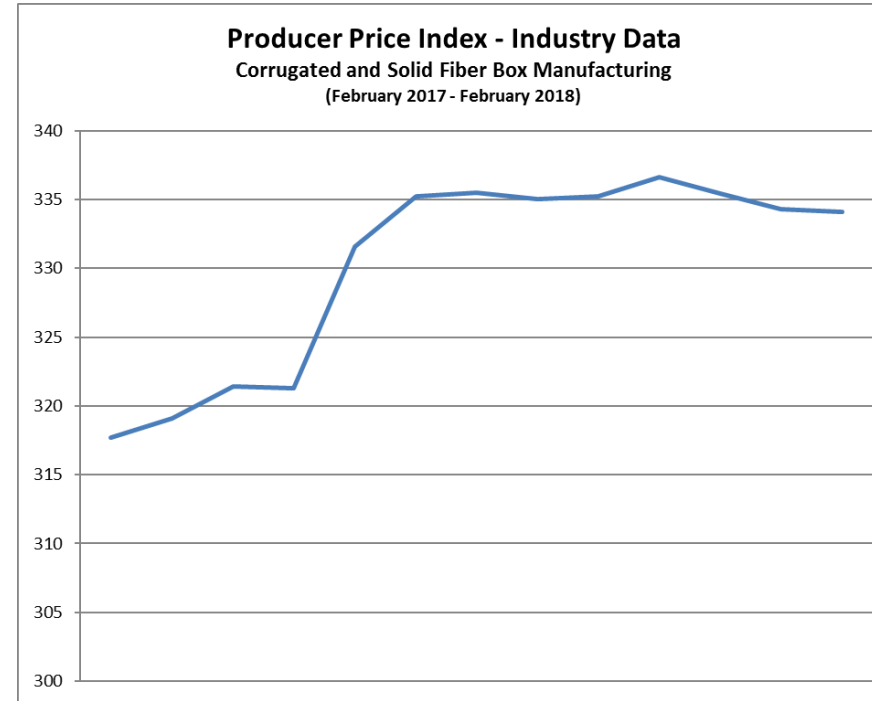
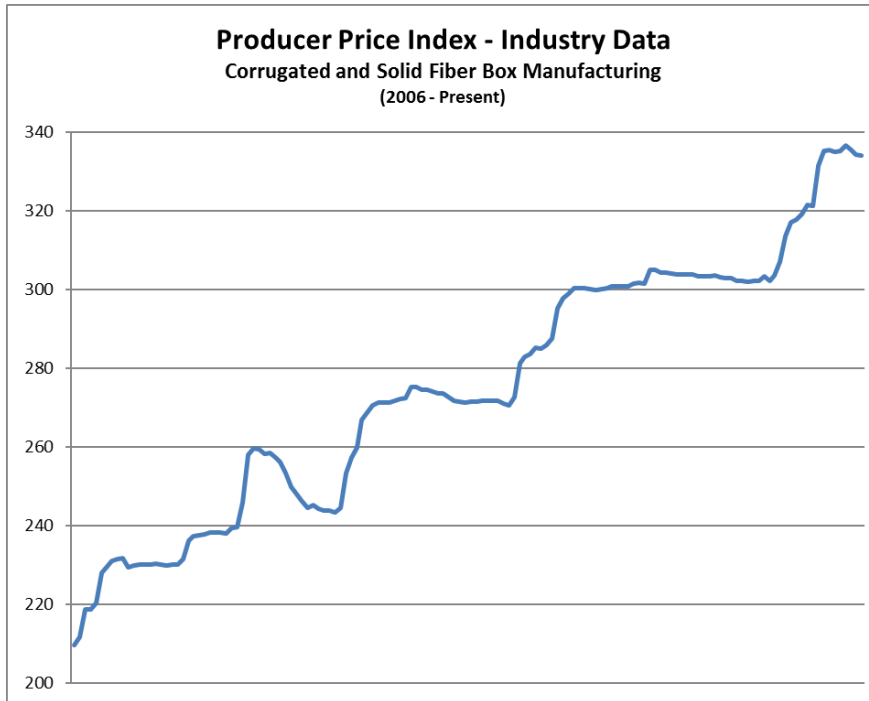
Additives

- ❖ Additives comprise a significant portion of product cost, and new, tougher fuel economy and longevity standards have fueled an estimated 40% growth in prices since 2006
- ❖ Trailing PPI data suggests 6% growth in additive pricing during last 6 months alone



Packaging

- ❖ Paper prices for corrugated uses have risen at an annualized rate of 4% over the past several years
- ❖ Corrugate prices are up 10% over the past year, the rise of E-Commerce indicates continued upward pressure
- ❖ New steel tariffs have led some manufacturers announce over 7% increases in steel drum prices



Sources: United States Department of Labor, Bureau of Labor Statistics; MyPurchasingCenter.com; IBISWorld. JobbersWorld

Finished Lubricant Price Increase Round 2 Moves ^{*(As of April 3, 2018)}

❖ The second round of price increase announcements began February 12th

Company	Increase
CAM2	4 to 10%
Smitty's Supply	4 to 10%
Pinnacle Oil	5 to 10%
Allegheny Petroleum	4 to 8%
Advanced Lubrication Specialities (ALS)	6 to 9%
Sunoco	6 to 9%
Chemlube	5 to 8%
Reliance Fluid Technologies (RFT)	4 to 9%
Sunbelt Lubricants	6 to 8%
PennStar	6 to 10%
Martin Lubricants	4 to 10%
Warren Distribution	5 to 8%
Maverick Performance Products	5 to 8%
Royal Mfg	3 to 8%
Omni Specialty Packaging	5 to 8%
ExxonMobil	up to 10%
Chevron	up to 10%

