



US Market Conditions

October 2020

Finished Lubricant Price Increase Announcements 2020 *(As of September 21, 2020)

❖ Finished Lubricants suppliers have announced a price increase due on rising costs for raw materials.

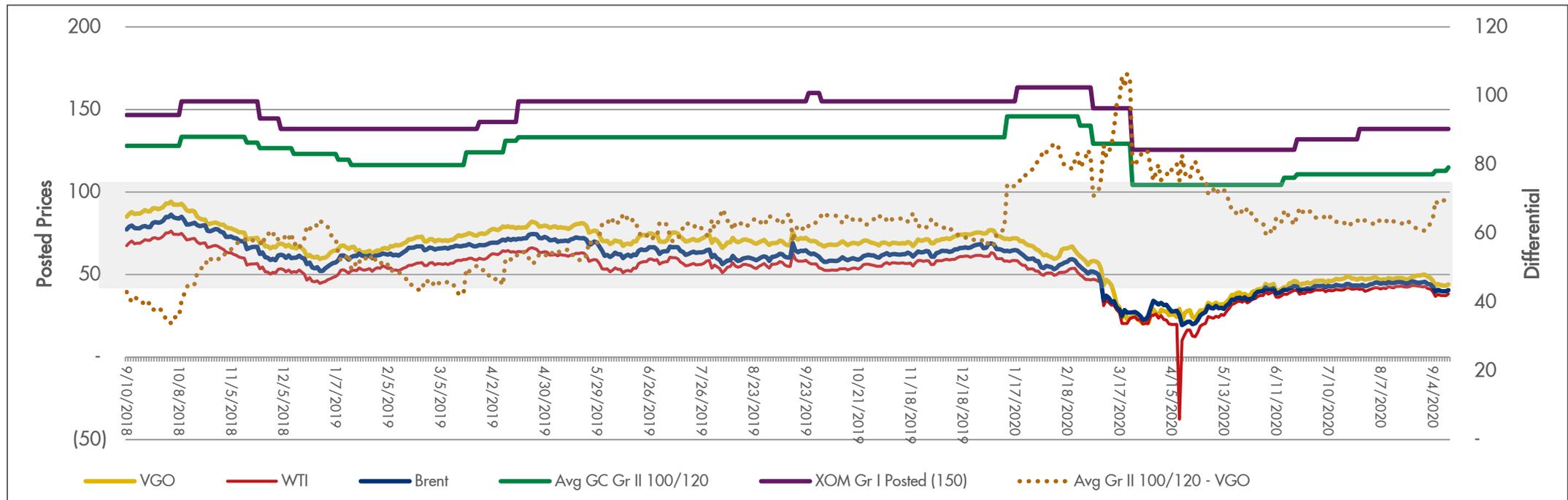
Lubricant Supplier	Effective Date	Increase
Amalie	10/09/20	\$0.40 CPG
Smitty's Supply, Inc.	10/12/20	\$0.40 CPG
CAM2 International	10/12/20	\$0.40 CPG
Sinclair	10/19/20	\$0.32 CPG
Warren Oil	10/12/20	\$0.35 CPG
Warren Distribution	10/12/20	8-12%
Chemlube International	10/12/20	9-14%
Shell	10/21/20	up to 10%

Base Oil Movement

Supplier	Group II Base Oil		
	HEAVY	MID	LIGHT
Motiva	0.20	0.25	0.15
Chevron	0.20	0.25	0.15
Excel Paralubes			
Calumet		0.25	0.15

Summary View of Crude Market

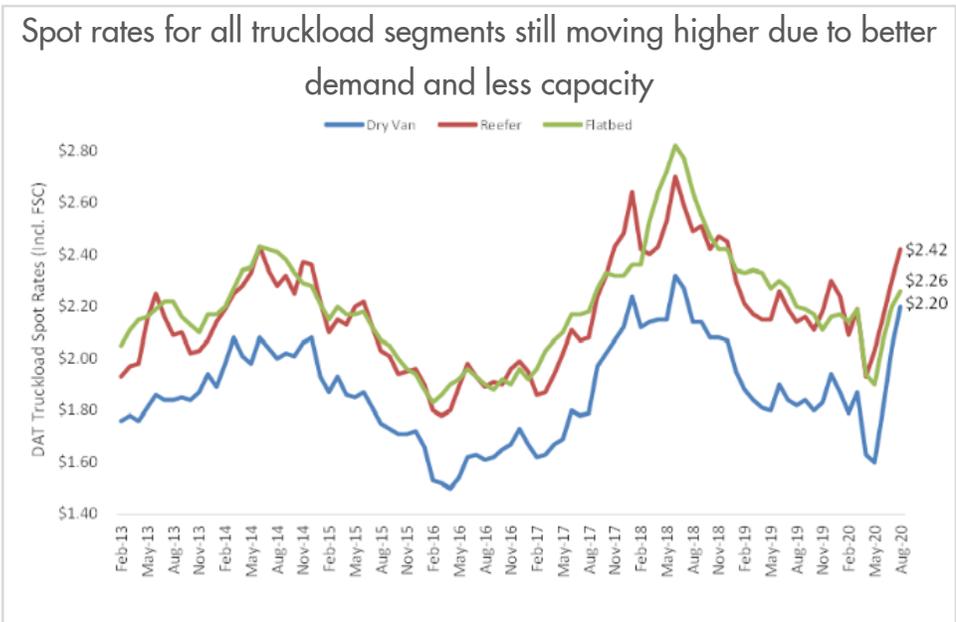
- ❖ Crude oil and VGO, the primary feedstock for base oils, have risen 16% and 18% since the last round of price increases in late May/early June compressing margins.*
- ❖ Tight supply maintains pressure as major suppliers remain offline in the US Gulf due to hurricane season.*



Transportation

- ❖ Supply Impacts
 - ❖ 3% Fewer Trucks Operating in Summer 2020 (per ATA)
 - ❖ Transportation capacity has declined to a 22-month low with prices reaching 19-month highs.

- ❖ Demand Impacts
 - ❖ Large demand volatility in consumer packaged goods due Covid-19
 - ❖ Spot Freight Volumes up over 70%



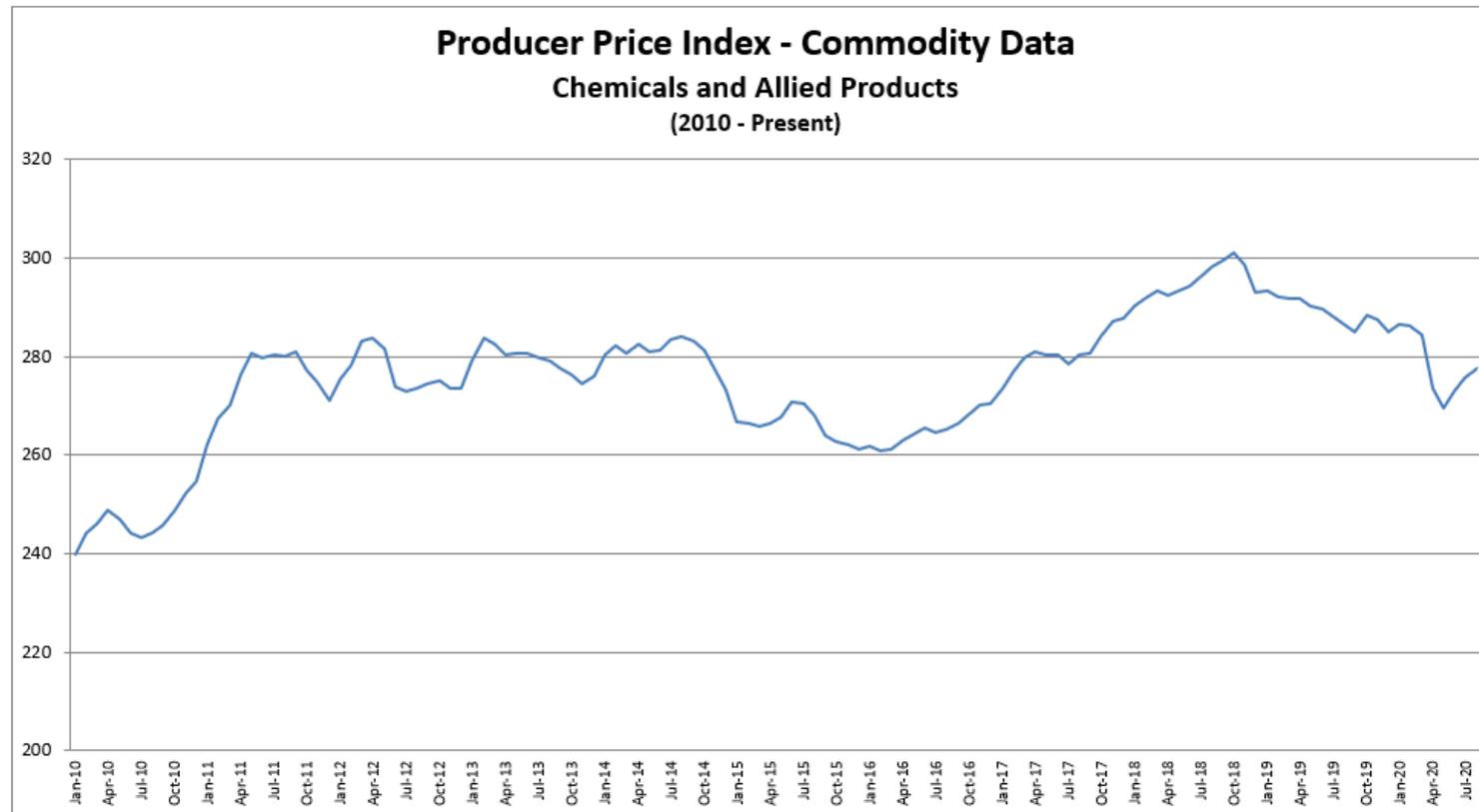
Source: DAT Solutions, through week ended 8/9/20



Sources: Cass, DAT

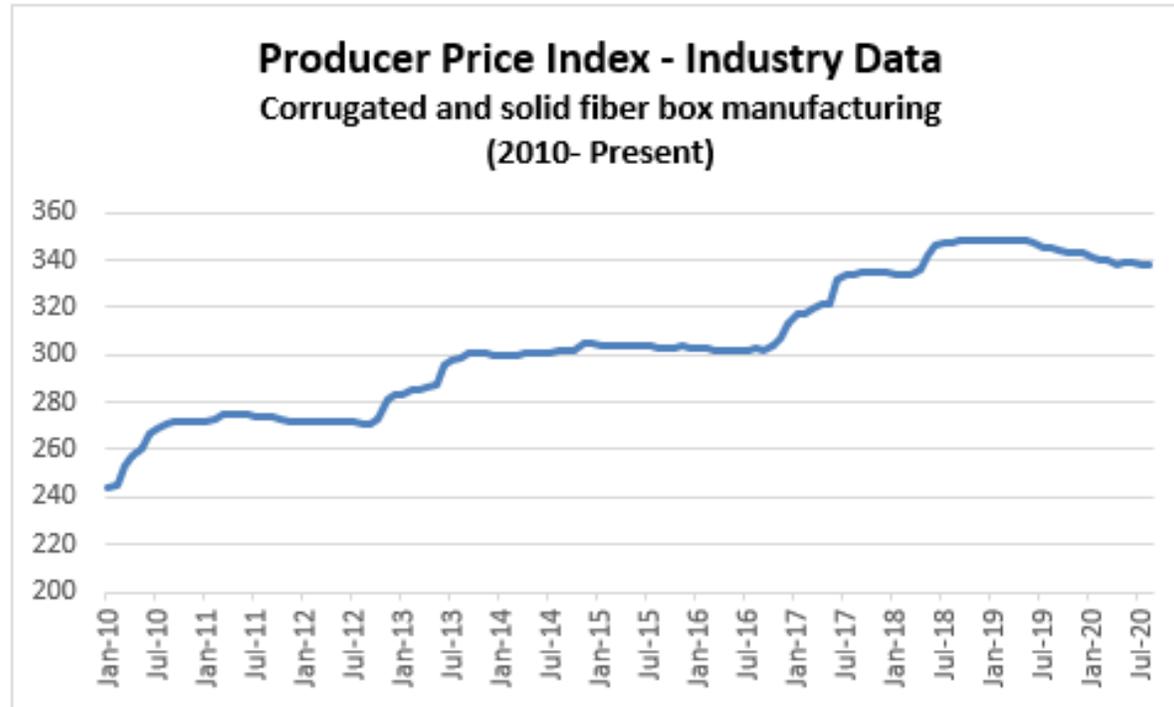
Additives

- ❖ Additives comprise a significant portion of product cost, and new, tougher fuel economy and longevity standards have fueled an estimated 16% growth in prices since 2010



Packaging

- ❖ Paper prices for corrugated uses have risen at an annualized rate of 4% over the past several years
- ❖ Corrugate prices are up ~25% since 2010, the rise of E-Commerce indicates continued upward pressure.



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

Price Change Details

- ❖ Important dates and details to keep in mind

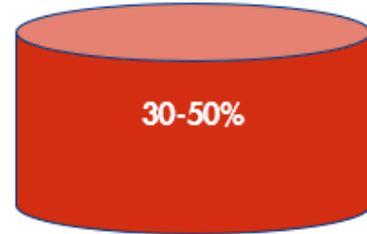
Description	Date
Announce Date	September 21, 2020
Effective Date	October 26, 2020
Amount (%) in Letter	up to 10%
Products	All Lubricants (Except Filters and Coolants)

Note 1: Each sales channel may vary by customer or product to address specific strategic needs. Sales channel leadership will provide further information if this becomes necessary.



Back-up

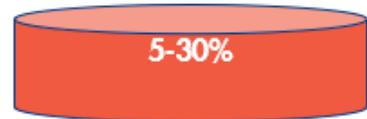
❖ Lubricant Cost Component



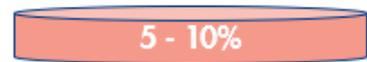
Base Oil: US\$ based and sensitive to fluctuations in world markets. Driven by ICIS-LOR quotations.



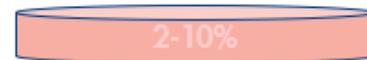
Additives: US\$ based and sensitive to fluctuations in world markets for chemicals.



Transportation: Local cost impacted by local inflation and market conditions.



Packaging: Local cost, although prices sensitive to world markets for Steel, Plastic, Paper.



Blending & Filling: Local cost of the Lubricants Oil Blending Plant (impacted by local inflation etc.).

* In addition, also have R&D costs, OEM approvals, Quality control, and trial testing.