

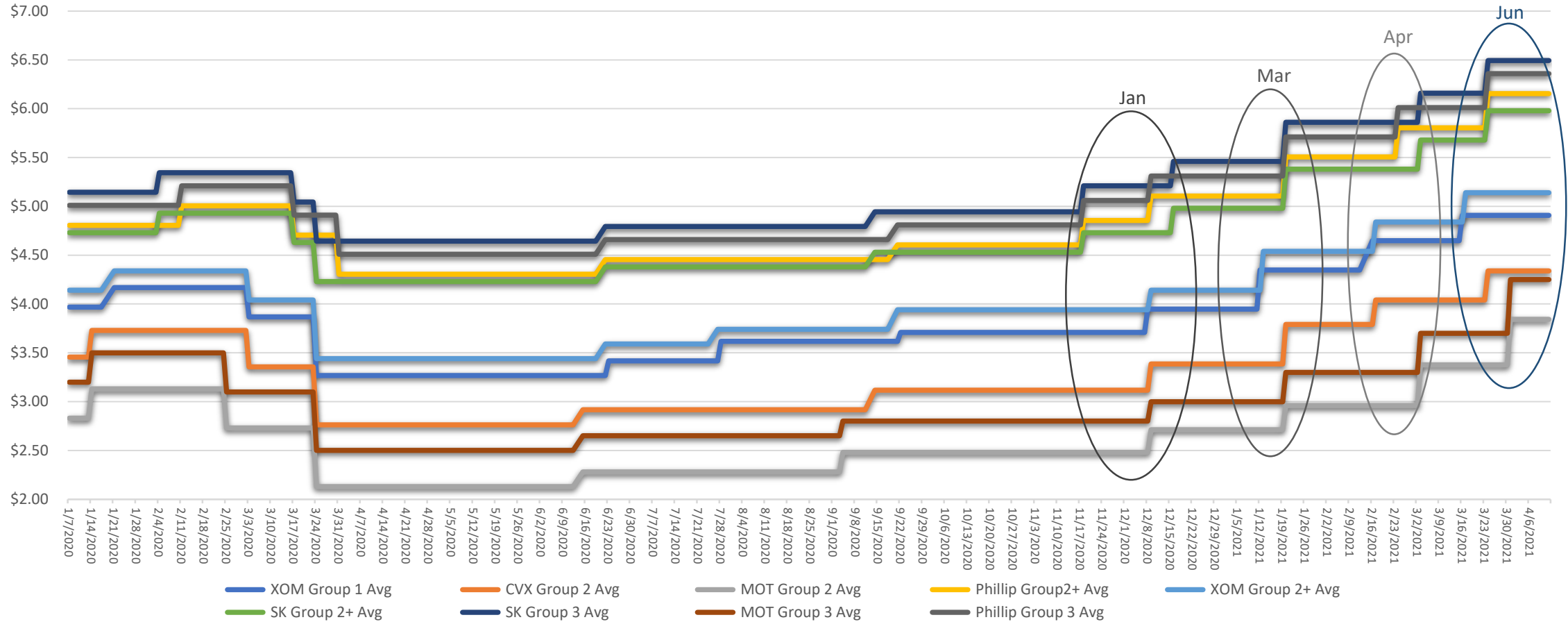


US Market Conditions

April 2021

Summary View of Base Oil Market

Base Oil Market

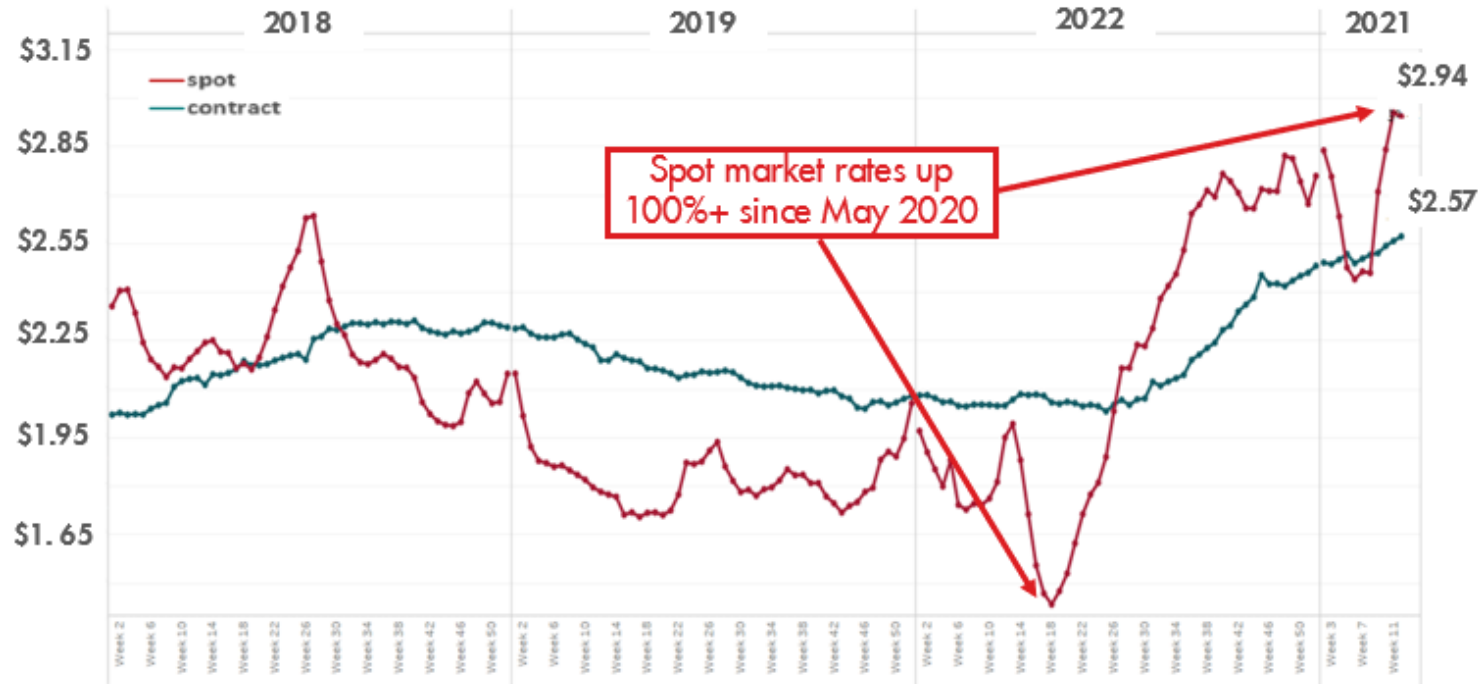


- ❖ Group I, Group II and Group III base oil suppliers have announced price increases due to shortages in supply, healthy demand and feedstock dynamics.
- ❖ Shortages were aggravated by extreme winter weather that forced refinery shutdown.

Sources: *Lubes&Grease, *ICIS, ZEMA

Freight Market Summary

Pack Dry Van: Spot vs Contract Pricing (rate per mile: Line Haul + Fuel)

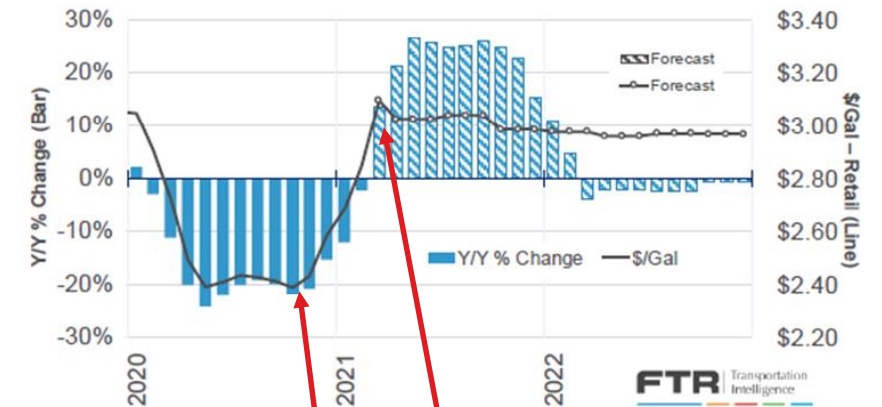


Source: Transplace

Market Drivers:

- The intense stress in the consumer goods supply chain continues to drive robust freight rates.
- Higher freight demand is likely in the coming months with the continued Covid vaccine rollout and there are no immediate signs of capacity relief visible. Port congestion also continues to drive capacity headwinds.

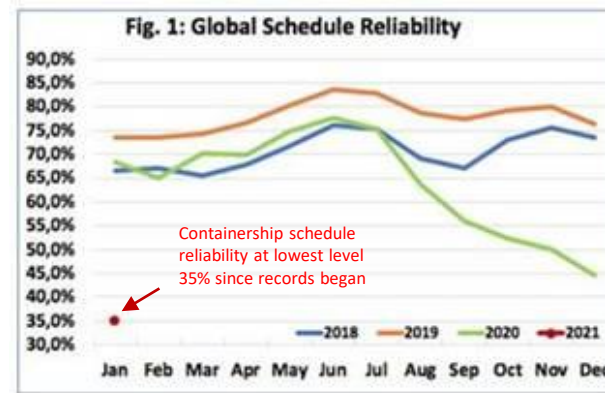
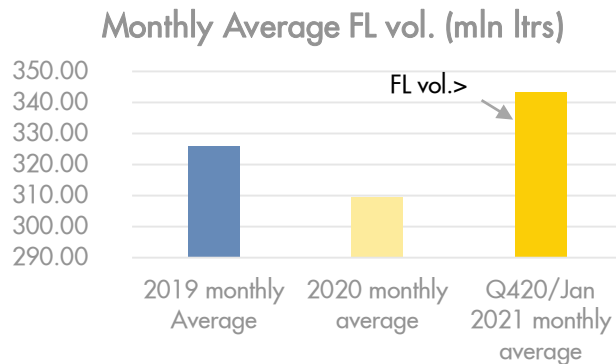
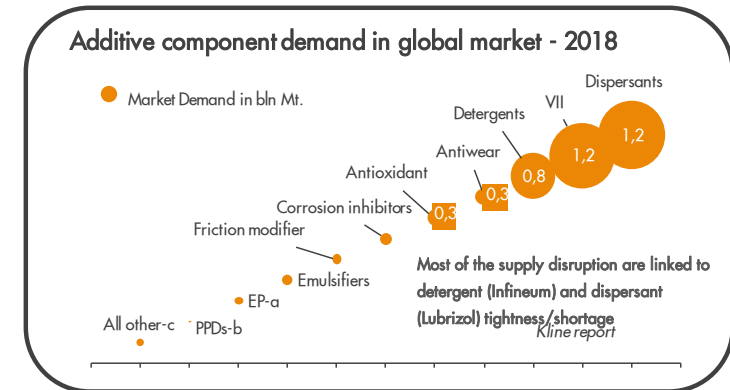
Diesel Market Pricing



Prices have increased 35% since Q4 2020.

Global Additive Supply Shortages Q1/Q2 2021 – Key Factors

1. Demand rebound: Unexpectedly sharp post-COVID recovery (since end 2020)
2. Refinery shutdowns and COVID-related reduced BO-slate output (crude slate and config changes due to reduced jet-kero uptake)
3. Weather: Unusually harsh-winter in Southern US (Texas Freeze) forced many raw material suppliers to declare FM with knock on effect for the additive suppliers
4. Logistics capacity/imbalance: Sea freight (further disruption expected from the Suez Canal blockage), Airfreight capacity, Steel shortage (drums/packaging)
5. Strong Shell demand and overliftings in many product groups, Q4/20 demand higher than pre COVID-19 demand.



25th March 2021 STEMs Summary

Fresh major STEMs – all HIGH impact

- Regional STEM II North America BO STEM – (Texas winter storm) impact to 4 BO grades
- Regional STEM APME Infineum – Affecting top tier Helix, BMW and Rimula CK4 grades.
- Global STEM III BASF - Affecting large portion of Turbine oils (Corena, Turbo, Atlas Copco) Allocation ongoing in order to protect AC demand. Monitoring situation might relax alloc. After positive signals from BASF received.
- Global STEM IV Aviation (XoM BO sulfur content) - Affecting all monogrades of the piston engine oils. Around 40% of Aviation P&L. Allocation of existing stocks, offer alternative ASO15W50, blends with manual adjustments where possible, fasttracking of the Navy approvals.

STEM RADAR – potential impact:

1. ERA BO IDEM – extreme market tightness, reduced BO slate in refineries production - **HIGH**
2. PAO STEM – various suppliers FMs, amplified by 60% overliftings in Q1. Supply allocated to the forecasted demand only - **HIGH**.
3. Global Lubrizol FM due to issues on Gulf Coast – Lubrizol investigation WiP - **HIGH**
4. Global Infineum FM due to global shortages of raw materials - **HIGH**
5. Oronite – global tightness- limitations to the forecast. Expected to escalate to FM - **HIGH**
6. ATF12108 – GLC capacity constraints due to high demand. Solution (GLC tank swaps incl. OEM approvals) is WiP. **MEDIUM**
7. FUCHS TITAN – Fuchs stopped supply of Transm MA 75W-90 we rebrand, 1 SKU on allocation. **LOW**

General supply tightness is mainly related to raw material and logistics issues

Finished Lubricant Price Increase Announcements as of April 2021

Lubricant Price Increases Announced as of 04/12/2021

Lubricant Supplier	Effective Date	Increase
Chevron	05/17/2021	Up to 12%
Omni Industries	05/08/2021	Up to 15%
Warren Oil Company	05/12/2021	Up to 15%
CAM2 International	05/03/2021	Up to 15%
Smitty's Supply, Inc	05/03/2021	Up to 15%

- ❖ Finished Lubricants suppliers have announced a price increase due in part on rising base oil
- ❖ Price adjustments are due to continued increases in nearly every raw component used to manufacture lubricant products

Lubricant Price Increases Announced as of 04/12/2021

Company	FIRST PRICE INCREASE			SECOND/REVISED PRICE INCREASE			THIRD PRICE INCREASE			FOURTH PRICE INCREASE		
	Announced	Increase	Effective Date	Announced	Increase	Effective Date	Announced	Increase	Effective Date	Announced	Increase	Effective Date
Advanced Lubrication Specialties	12/17/2020	10 to 12%	1/18/2021		10 to 12%	2/22/2021	n/a	10 to 12%	4/1/2021		12 to 15%	5/5/2021
AOCUSA/Amalie	12/21/2020	3 to 14%	1/20/2021	2/3/2021	3 TO 9%	3/5/2021	3/3/2021	3 to 12%	4/2/2021	4/2/2021	3 to 15%	5/3/2021
BP Lubricants/Castrol	1/19/2021	up to 15%	2/22/2021	2/12/2021	Up to 15%	4/1/2021	n/a	n/a	n/a			
Calument (a)	n/a	n/a	n/a	n/a	n/a	n/a	3/4/2021	10 to 15%	4/5/2021			
CAM2 International	12/21/2020	up to 15%	1/18/2021	n/a	n/a	n/a	3/5/2021	up to 15%	4/5/2021	4/6/2021	up to 15%	5/3/2021
Chemlube International	12/17/2020	8 to 12%	1/18/2021	1/29/2021	9 to 12%	2/25/2021	3/5/2021	8 to 11%	4/1/2021	4/8/2021	up to 15%	5/5/2021
Chevron	12/29/2020	up to 12%	2/8/2021	1/20/2021 (d)	12 to 15%	2/8/2021	n/a	up to 15%	4/5/2021		up to 12%	5/17/2021
CITGO Lubricants	1/8/2021	up to 12%	2/8/2021	n/a	n/a	n/a						
Drydene Performance Products	12/19/2020	8 to 12%	1/18/2021	(e)	15 to 30%	2/8/2021	3/1/2021	8 to 10%	3/31/2021	4/9/2021	8 to 12%	5/3/2021
ExxonMobil	12/28/2020	up to 12%	2/1/2021	2/2/2021	up 15%	4/1/2021	3/1/2021	up to 20%	4/5/2021			
Highline Warren (formerly Warren Distribution)	12/21/2020	up to 12%	1/25/2021	1/20/2021	up to 8%	2/22/2021	3/1/2021	10 to 15%	4/1/2021	4/5/2021	up to 12%	5/5/2021
Nu-Tier Brands/Gulf	12/18/2020	10 to 15%	1/18/2021	n/a	n/a	n/a	3/5/2021	10 to 15%	4/2/2021	4/1/2021	10 to 15%	4/30/2021
Old World Industries	12/18/2020	10 to 12%	1/18/2021	n/a	up to 10%	2/22/2021	3/8/2021	10 to 15%	4/9/2021	4/7/2021	up to 12%	5/5/2021
Omni Industries	n/a	n/s	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4/8/2021	up to 15%	5/8/2021
PennStar	12/10/2020	10 to 15%	1/15/2021	n/a	n/a	n/a	n/a	n/a	n/a			
Petro-Canada Lubricants (b)	1/20/2021	up to 10%	2/22/2021	n/a	n/a	n/a	3/18/2021	up to 15%	4/19/2021			
Phillips 66	1/8/2021	up to 12%	2/8/2021	n/a	n/a	n/a	3/11/2021	up to 15%	4/12/2021			
Pinnacle Oil	12/15/2020	10 to 12%	1/15/2021	n/a	n/a	n/a	n/a	n/a	n/a			
Pinnacle Resources	12/16/2020	10 to 12%	1/8/2021	1/21/2021	12 to 18%	2/12/2021	3/8/2021	10-15%	4/5/2021			
Reliance Fluid Technologies	12/17/2020	up to 12%	1/18/2021	n/a	n/a	n/a	n/a	n/a	n/a			
Royal High-Performance Oils & Greases	2/1/2021	Up to \$0.50/gallon and \$0.07/lb	3/1/2021	n/a	n/a	n/a	3/16/2021	8 to 12%	4/15/2021			
Safety-Kleen	12/18/2020 (c)	10 to 15%	1/18/2021	1/21/2021 (e)	15 to 30%	2/10/2021	3/8/2021	up to 15%	4/1/2021	4/1/2021	up to 15%	4/15/2021
Sinclair Lubricants	12/9/2020	10 to 12%	1/23/2021	1/15/2021 (e)	15 to 20%	2/10/2021	3/1/2021	12 to 16%	4/1/2021			
Smitty's Supply	12/21/2020	up to 15%	1/18/2021	1/29/2021	up to 9%	3/1/2021	3/5/2021	up to 15%	4/5/2021	4/6/2021	up to 15%	5/3/2021
SOPUS (Shell)	12/18/2020	up to 12%	1/25/2021	1/29/2021	up to 15%	3/1/2021	3/4/2021	up to 15%	4/4/2021	4/5/2021	6%	5/3/2021
TOTAL Lubricants	12/28/2020	up to 15%	2/1/2021	n/a	n/a	n/a	3/1/2021	up to 9%	4/1/2021			
Valvoline	1/7/2021	up to 12%	2/1/2021	n/a	n/a	n/a	3/10/2021	up to 12%	4/19/2021			
Warren Oil	12/14/2020	up to 15%	1/14/2021	1/28/2021	up to 10%	3/1/2021	3/8/2021	up to 16%	4/8/2021	4/12/2021	up to 15%	5/12/2021

Shell Lubricants

- a- Excludes TruFuel®, Royal Purple® and the Bel-Ray® Specialty branded products
- b- Increase only applies to Canada
- c- Recalled 1/18/2021 increase
- d- Updated increase, takes effect 2/8/2021
- e- Combined first increase with second
- n/a - Not available. Undetermined by JW if price increase occurred at this time

Source: JobbersWorld

Price Change Details

❖ Important dates and details to keep in mind

Description	Date
Announce Date	April 16, 2021
Effective Date	June 1, 2021
Amount (%) in Letter	up to 15%
Products	All Lubricants <i>(Except Filters and Coolants)</i>

Note: Each sales channel may vary Sales Control by customer or product to address specific needs. Sales channel leadership will provide further information.

