

January 29, 2021

**Dear Valued Customer,**

First and foremost, we would like to take a moment to thank you for your ongoing support and business partnership. As we begin the new year, we reflect on 2020 and the unique challenges we've all encountered on many fronts. The overwhelming worldwide pandemic (COVID-19) continues to loom, triggering economic uncertainty, shortages in supplies, surges in logistical costs, and record-breaking increases in raw materials. This ongoing shift in our industry has yet, to come to an end. As of recently, we have received notices from most suppliers of significant cost increases taking place. Some of which are effective immediately, and others, will be implemented in the coming weeks. As these adjustments in the market continue to evolve, we believe it is our obligation to keep you informed and share the primary factors contributing to these drastic fluctuations in costs.

No different from the prior year, the global precious metal market has once again reached record highs, in particular rhodium. More than doubling in value in the past 12 months as demand continues to grow throughout the automotive sector. The secondary element in recent months was the unexpected surge in the cost of steel. Driven by demand and the lack of supply, cost increases have ranged between 30%-66% on a worldwide scale. In addition to the cost increase of raw materials, logistical rates continue to climb due to the impact of COVID-19. Thus, resulting in the record price increases our industry is witnessing in the current environment. As a reference, below are supporting resources that elaborate in further detail the percentage increases in raw materials for the past 12 months.

#### **COST OF RHODIUM (12 MONTH COMPARISON)**

- Cost of Rhodium: \$21,800 per ounce (as of January 2021) - [moneymetals.com](http://moneymetals.com)
  - Same time last year: \$9,400 per ounce - [moneymetals.com](http://moneymetals.com)
- A 131.91% increase over a 12-month span - [moneymetals.com/rhodium-price](http://moneymetals.com/rhodium-price)

#### **COST OF STEEL (12 MONTH COMPARISON)**

- Cost of Steel: \$995 per net ton, hot rolled band (HRB), as of January 2021 - [steelbenchmarker.com](http://steelbenchmarker.com)
  - Same time last year: \$598 per net ton, hot rolled band (HRB) - [steelbenchmarker.com](http://steelbenchmarker.com)
  - A 66.39% increase over a 12-month span - [steelbenchmarker.com/files/history.pdf](http://steelbenchmarker.com/files/history.pdf)

**Please note that these price increases vary per manufacturer and take effect per the schedule detailed below.** This list does not include all manufacturers that will be instituting price increases. In the coming months, your Team Allied representative will inform you of all other adjustments as we obtain further information from each supplier.

BRAND	EFFECTIVE DATE	BRAND	EFFECTIVE DATE
Magnaflow	2/1	Team Allied Street Series	3/1
Miller	2/1	Flowmaster	3/1
Different Trends	2/1	Aero Exhaust	4/15
AP/Catco/Eastern	3/1	Walker	3/15

\* Other brands to be determined as notified.

With these new pricing structures taking place, we would like to share that Team Allied Distribution is here to assist you every step of the way. We have also done our best to absorb some of these increases and help alleviate the impact. Most importantly, we have made significant investments to ensure a broad range of inventory is readily available as the year progresses. Team Allied values all business partnerships and alongside our resilient customer base we believe together we can overcome any challenge ahead of us. Our commitment begins and ends with you, our customer. Please do not hesitate to contact your Team Allied representative with any questions, comments, or concerns.

Sincerely,  
**Darrell Kurth**  
President  
Team Allied Distribution

