



CARPENTER

We bring comfort to your life.

8th November 2016

Dear John,

During the last six months we have experienced significant increases in the cost of raw materials used in the manufacturing process of our slab stock foam grades. We had hoped that this situation would ease but unfortunately this is not the case.

Whilst we have attempted to keep you briefed on current developments, in recent weeks the situation has got worse. Covestro have declared an extended period of Force Majeure until the middle of December due to a breakdown at their main supplier of base material. BorsodChem needs to shut down a plant in November to carry out essential maintenance and BASF suffered a major incident on 17th October at their Ludwigshafen plant. Whilst not directly affecting the TDI plant, this has affected on going supplies.

Now Europe's largest chemical producers have announced further price increases from 1st November along with availability uncertainty. We have tried to secure supplies on a more international basis, however availability at this time is a global issue. Both US & Asia are also suffering Force Majeure announcements with suppliers imposing price increases. TDI selling prices in these markets are substantially ahead of European pricing.

For the future, the market place is undoubtedly set to remain both volatile and unpredictable. Unfortunately, as a consequence of this we are not able to offer any price stability going forward. A further price increase is planned on Monday 21st November, a list of new prices attached (9% on slabstock , 6% peeled rolls & converted parts). We fully recognise the price pressures that you face within your markets and to that end will continue to do our utmost to limit price increases as much as possible.If you have any questions, please contact me.

Regards

Danny

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