

HOBERG & DRIESCH

MARKET SITUATION January 2021

Dear customers,

Unfortunately we have to inform you about considerable and drastic changes in price, availability and delivery times of tubes.

The price increases are mainly driven by:

- lack of pre-material due to mills' production cuts adjusting to lower demand in earlier quarters last year
- a very strong global market - driven by China - leading into a shortage situation for raw materials and hiking up prices
- optimism that vaccination will stop the pandemic and increase demand. This leads to increased willingness for investments.

Prices of iron ore and scrap are rising sharply with ore prices at an unparalleled high since 2013. Delivery times from steel mills continue to increase resulting in delays in tube supplies. As a consequence we see a Q1 which in many cases is already sold out.

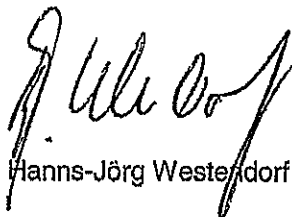
All in all, this means a continued strong market where demand will be significantly greater than supply. This will push the price level upwards further and extend delivery times even more. The estimation is that this lasts throughout Q1 and into Q2.

Actually seamless tube producers increase prices in the same way as the welded side already did.

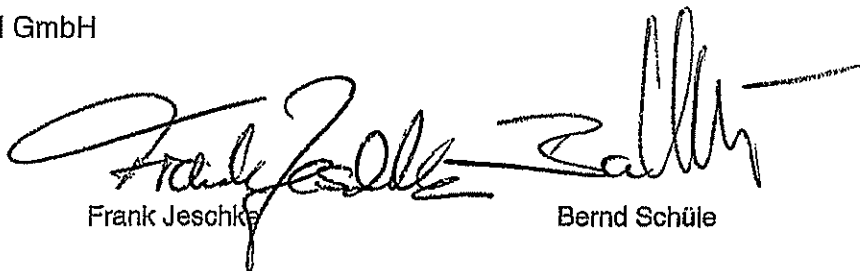
We at Hoberg & Driesch, being Germany's largest stockholder for tubes, will do our utmost to secure availability of material. Unfortunately we foresee risks in the global supply chain. This means that we need to have a very close dialogue with you, our customers, to jointly find the best solution and minimize any disruptions. Your contact in our company is at your disposal.

Yours sincerely

Hoberg & Driesch Röhrenhandel GmbH



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