

February 12, 2020

Coronavirus (2019-nCoV) Impact on the Supply Chain

Dear Valued Customer:

I wanted to take the opportunity to share the latest information on the coronavirus (2019-nCoV) and its potential impact on our global supply chain.

We continue to track several key indicators that will have an impact on our mutual businesses. These include China to US deliveries, factory return from Chinese New Year (CNY), and Governmental strategies within mainland China regarding local travel restrictions.

- As of today, the Chinese government has extended the return from CNY to February 10, 2020; in some provinces, this date is now extended to February 20, 2020. For LEDVANCE, this represents a one-week delay. LEDVANCE is in the fortunate position where few of our factories are in provinces affected by the travel restrictions. We expect a high percentage of workers to return as scheduled.
- Further, a letter dated February 2, 2020, issued by the US Coast Guard Office of Inspections and Compliance stipulates non-passenger commercial vessels that have been to China in the last 14 days will be allowed to unload their cargo as usual. However, crew members must remain onboard their vessels.
- Lastly, our supply chain is prepared with several months of safety stock based on sales forecasts and expectations, and the stock is already positioned in our US distribution centers.

We must stress that this situation is extremely fluid, and the associated effects impact most (if not all) suppliers. As more information becomes available, we will do our best to pass it along as quickly as possible.

Sincerely,



Matt McCarron
VP, Sales US and Canada