



February 5, 2019

Impact of China Coronavirus on OCP Group

The coronavirus which started in the Chinese city of Wuhan has scaled enough that it is impacting manufacturing supply chains both in China and globally. We are certain that it will impact OCP's China based operations. At this time our only metrics are Chinese governmental edicts to extend the planned industrial resumption until 2/10, severely restrict all travel within China and urgently pivot the country's medical care and food distribution to where it is needed most.

While it is difficult to predict the extent of the impact at this moment, we do believe that it will take up to 45 days to recover our normal capacity once the virus numbers begin receding. However, the impact to our in-country suppliers will be more difficult to predict. The smaller the supplier potentially the more significant the impact.

The virus is now taking a toll on major manufacturers, with a handful of automakers announcing temporary plant closures in China, including Hyundai, Tesla, Ford and Nissan. Hyundai has gone a step further, announcing Tuesday in an email that it is suspending production lines at its car factories in South Korea, making it the first such manufacturer to close production outside of China.

OCP is reviewing various measures to minimize the disruption of its operations, including seeking alternative supplied components and shifting customer orders to OCP's Mexican operations where there is redundant resources and capacity. Should any of these measures be implemented they will be done in a transparent and collaborative manner with customers.

The narrative is developing and will continue to be in the coming weeks. OCP will proactively communicate impacts to our delivery commitments. Should you have specific project questions we ask that you direct them to your OCP contact. We would also like to ask for your patience and empathy for those whose families and friends have been directly impacted by the virus.

Sincerely,

A handwritten signature in black ink, appearing to read "Treacy Sommer".

Treacy Sommer
OCP Group Sales Manager