

Bulletin: 19-22

TO: Greenheck Representative Partners
FROM: Tim Kilgore, President, Sales
DATE: April 4, 2022
SUBJECT: **Additional Price and Surcharge Announcement
Effective Today**



We continue to live in tumultuous times and the recent Russian invasion of Ukraine has created ripple effects across the globe. One of those ripples is renewed commodity inflationary pressure. As we entered 2022, we were optimistic that the January 10th price increase announcement would be the last price increase that we would need for the year. While material costs remained high, they had stabilized. Now the Russian invasion of Ukraine is proving to be a catalyst for dramatically increasing energy costs and is further driving up the cost of many materials. Aluminum, nickel, and copper prices have now reached all-time highs. In addition, steel prices had reversed, but are trending up again. An example we all are experiencing is the surge in energy costs every time we pump gas.

This trend reversal to even higher costs has been fast and substantial. Since February 24 (Russian invasion date), Greenheck Group's annual material and freight cost projections have increased by over \$50 million. Our expectations are that, in the near term, this situation will get worse before it gets better. The sudden surge in both material and energy costs - on top of the inflation pressure from 2021 - creates a cost pressure that forces us into taking **two** unprecedented price adjustment actions.

In addition to the list price adjustments announced on March 7 and effective today, **additional** price increases via multiplier adjustments (below by product type) are **effective on orders received after 3:00 pm today, April 4, 2022**. Your immediate action upon open quotations is required! We will not be able to honor old quotes or pricing after 3 pm today.

Business Unit	Multiplier Increase
Arch Prod (Louvers)	8.5%
ATU's & GRD's	6.5%
Axial, Inline, HVLS	4.5 - 7.0%
Bath & Ceiling	3.5% - 4.5%
CVI & FETI	7.0%
Dampers	7.0%
DOAS	8.0%
KVS	3.9 - 7.6%
PRV	5.3% - 7.5%
TAP	6.0 - 8.0%

In addition to the above-mentioned price increase on new orders, **we will be implementing a 3.5% freight and material surcharge on previously entered DOAS units (Models RV, RVE, ERCH) that are shipping on or after June 1, 2022.** (This legal option is included in our standard terms and conditions for long lead-time orders, but we have not been compelled to invoke this language before.)

We realize that these unprecedented price actions will cause some near-term financial hardship for you and your customers, just as this situation will for Greenheck Group. We cherish our partnership with you and our decision process thoughtfully considered these implications. We have a long history of winning together, which includes winning big in the good times and mutually sharing the pain in challenging seasons such as now. Our goal is to strike that right balance, realizing that the war in Europe is creating a ripple effect that is undesirable for all of us.

All prior approved discount requests are immediately subject to the price increases and must be resubmitted thru CAPS before applying to forthcoming orders. Lastly, Greenheck's sales team will contact you should the DOAS surcharge be applied to any of your previously entered DOAS orders.

We thank you for your partnership in these unprecedented times.

Sincerely,

Tim Kilgore
President, Greenheck Sales