



# GVH Distribution

## *Family of Companies*

December 17, 2020

**RE: GVH November Market Update**

Dear Retail Partners,

As we continue to work through these unprecedented times, we want to thank you for all your efforts in continuing to feed America and providing essential supplies for your employees and consumers. Please see the market update below as it pertains to the supply chain and the status of procuring critical supply items.

### **PRICING**

We continue to see more and more Vendors announcing price increases due to raw materials and manufacturing costs. On top of the raw material increases, Vendors are announcing an additional flat increase due to escalation in freight, labor, energy, and corrugate costs. If we have not received an increase from a Vendor due to these factors, we anticipate receiving announcements soon.

### **SUPPLY CHAIN**

Packaging manufacturers continue to experience unprecedented constraints on their supply chain. Vendors have communicated COVID stricken warehouses causing labor issues and warehouses at full capacity resulting in extended lead times on orders. Freight capacity is tight causing delays and increased costs. At GVH we are monitoring lead-times and consistent late Vendors and updating our system to reflect the changes. We continue to hold as much inventory as suppliers will allow us to order on several of the key problem categories.

### **GLOVES**

More price increases have been announced for December from our primary glove suppliers. The outlook for gloves continues to worsen, especially with Chinese New Year coming up in Q1. GVH is expecting much more glove loads than normal for the month of January, to attempt to help get us through March and April on vinyl gloves. Since all our gloves are imported, this category has been significantly impacted by port delays. We are seeing delays of up to 2 weeks at port right now. In addition to port delays, we have been notified COVID is impacting manufacturing plants to where closures are starting to happen. Our ETA's on vinyl nitrile blended gloves (as a sub for nitrile), are still a moving target right now.

### **FOIL**

Foil is another category that has continued to get worse vs the last update, and price increase for Q4 are in effect. Thankfully GVH has multiple sources for foil and aluminum products, and we are having to utilize them all right now. It appears that the delays are going to continue into Q1 2021 for now.

### **FRONT END PAPER BAGS**

Duro will not be selling GVH any 1/7th or 1/6th flat handle bags for the remainder of 2020 unfortunately. Supply of no handle will be limited, and we may see more sporadic back orders on smaller sized bags. Importing paper bags is still currently the solution GVH is using, along with some alternate sources we currently work with. The outlook with Duro, is very poor. We still don't have ETA's as to exactly when we can be back in the handle bag business with them, and from our understanding, this is the case with most of Duro's customer base, less select large chain accounts. We also are continuing to work with Duro to get whatever we can, as you know based on prior market updates. The branches this most significantly impacts at GVH are Amarillo and Chicago.

### **"SMALL" PAPER BAGS**

The material shortages and production issues with larger front end paper bags, are trickling down to small paper bags as well. Delays have been communicated from Package Containers, Brown, and Bagcraft. Custom items are the hardest hit right now. If you are purchasing a smaller size, custom printed paper bag, ETA's can be all the way out to 20 weeks right now, with no definitive ETA. To help mitigate this, GVH is continuing to communicate weekly with these suppliers on custom runs and bringing in the closest stock sizes we can with customer approval.

### **POLYPROPYLENE AND PET**

GVH is continuing to receive communication from suppliers on PP and PET shortages. It has even got to the point where we haven't been quoted when offering new business to a supplier, to fill in for another suppliers' shortages, because most vendors are having a hard time getting their hands on enough raw material right now to meet demand.

## MEAT TRAYS

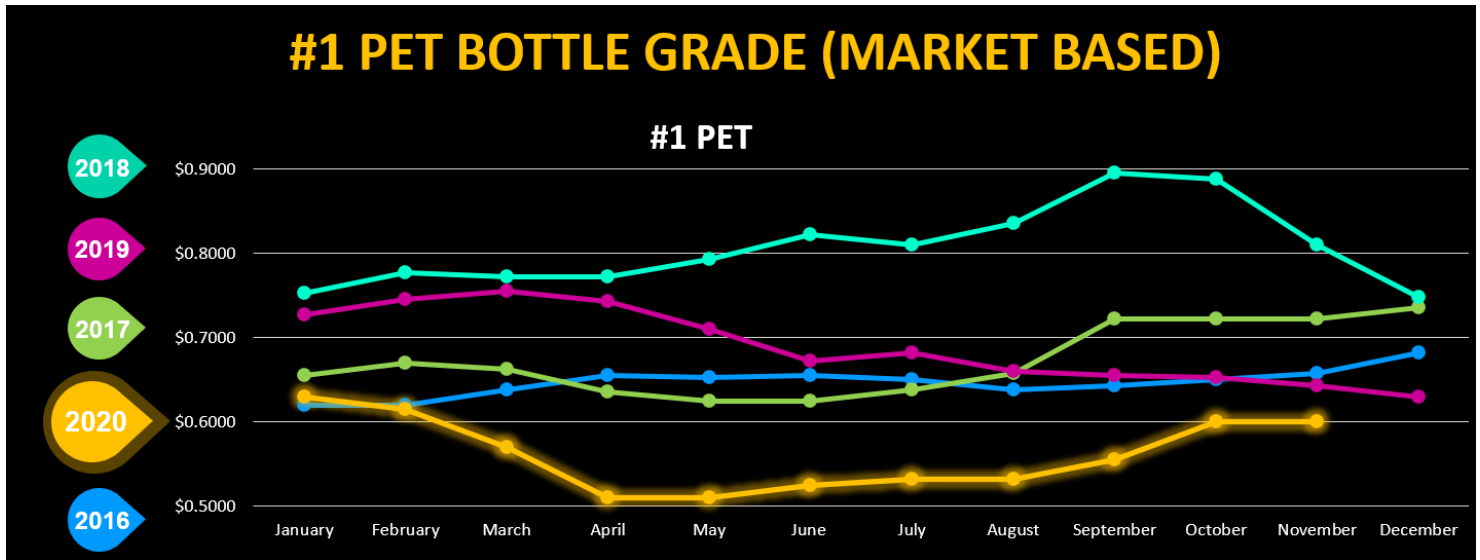
The outlook on meat trays remains similar to the last market update. Thankfully, less extended lead times from Pactiv (who we are relying on heavily right now), there has not been much to report on right now. We still think with Genpak exiting the west coast market, there could be price pressure upward upcoming in the future.

## WIPES AND SANITIZER

GVH remains in a great position on wipes and sanitizer overall relative to our competitors. Although we will not have all brands 100% of the time, for the most part we can supply an equivalent product to what is needed. We are also bringing in brands proprietary to GVH. Make sure to contact your account manager for more info on timing, pricing, and availability.

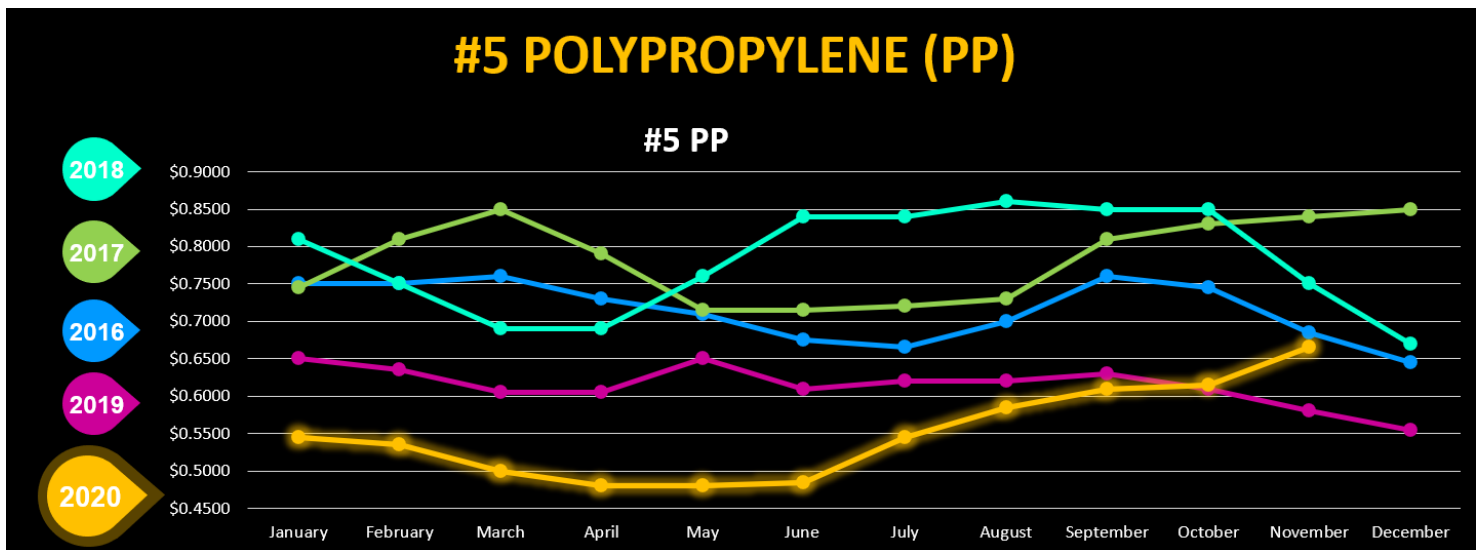
## **PET Market -**

- *Products:* clear take-home food containers & bottles.
- *Vendor examples:* Pactiv, Placon, Anchor Plastics, Inline, Fabrikal, Sabert, Dart
- We anticipate PET will increase in December/January based on the National shortage.



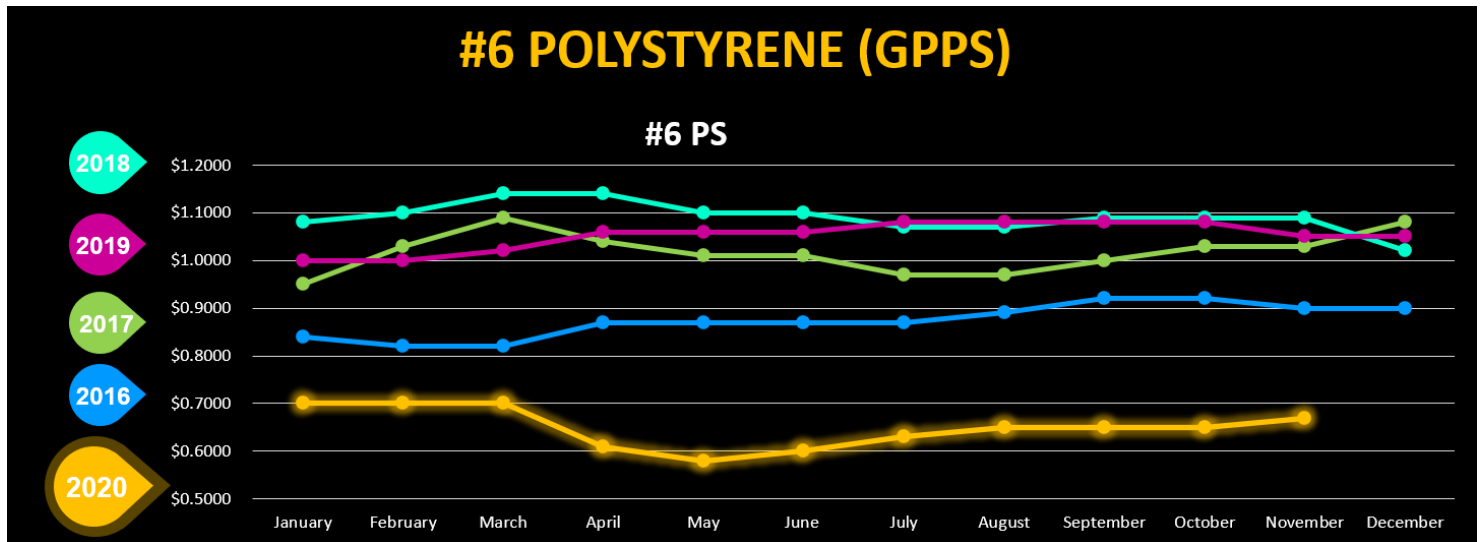
## **Polypropylene –**

- *Products:* Take out, Reusable Containers, Deli Cups, Roasters & Rib Containers
- *Vendor examples:* Pactiv, Placon, Anchor Plastics, Genpak, Fabrikal, Sabert, Dart
- We expect to continue to see PP raise based on the National shortage of Polypropylene.



## Polystyrene –

- *Products:* Foam Trays & Foam To-go Containers
- *Vendor examples:* CKF, Cryovac, Pactiv, Genpak, Dart, Fabrikal, Easypak, D&W Fine Pack, Wincup
- We have started receiving additional price increases on Polystyrene and expect to continue receiving. This resin category is at capacity and we will continue to see a rise in demand.



We hope you find this information useful for your business. As always, GVH is committed to working with our retailers and vendor partners so we may provide solutions during these challenging times. We appreciate your support and value our relationship, and please reach out to us with any questions!

Sincerely,

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