



February 11<sup>th</sup>, 2020

## Coronavirus Update

As of today, both of Samtec's manufacturing facilities in China are open and operational. Samtec Huizhou was the first business in Huizhou city to receive government approval to re-open after the extended CNY holiday, we opened on February 10<sup>th</sup>. Samtec Dongguan was allowed to re-open today, February 11<sup>th</sup>. While it's important that businesses are allowed to re-open and for the people of China to return to work, China is still very focused on the containment of the Coronavirus. Some cities are still under lockdown, travel is heavily restricted in certain areas and specific precautions are being mandated as well as monitored by the Chinese government.

Samtec's China facilities are both currently operating at 40% output as compared to the pre-CNY holiday. Below are some statistics and requirements that explain the temporary reduction in efficiencies and output:

- 55% of our associates were able to return to work on February 10<sup>th</sup>.
- Our associates complete health testing and continual screening as a means of detection and precaution
- The government has mandated specific requirements related to spacing associates such that if a person were to become ill others would be less likely to contract the illness. For example, operator work spaces have been expanded and meals are scheduled so that we limit the number of associates in our canteen at one time

Samtec stays in contact with all of our China associates via social media tools. Our associates check-in daily so we anticipate the return of another 25% of our associates over the next three weeks. This forecast is subject to change based on changes to government-imposed travel restriction. The remaining 20% of our team traveled to areas during the holiday that are currently under lock-down and at this time we are unable to estimate when restrictions on those areas will be lifted.

Samtec is now implementing **Phase 2** of our contingency plan which includes the following:

- All new orders entered on or after 2/11 that are slated to be built in our China facilities will have two weeks added to the lead time. This will allow us to more accurately meet our commitment date while we continue to increase our output rates.

- Samtec's Operations Team will evaluate shifting orders to rebalance our overall capacity as needed
- Samtec is in the process of assessing our supply chain by working with our vendors to determine if we need to move component sourcing to vendors that are not impacted by the Coronavirus. At this point, most of our major Chinese suppliers have re-opened their facilities and are experiencing similar associate return rates as well as output rates as Samtec.

Our China facilities represent 20% of our total manufacturing footprint so there will be some delays to orders scheduled over the next two weeks but we expect to be able to recover quickly. Samtec will work to minimize the impact of these delays to the best of our ability.

We will continue to evaluate this developing situation and we will advise you of any anticipated changes to our approach. As always, we greatly appreciate your business.

If you need additional information, please contact us at [ecustomerservice@Samtec.com](mailto:ecustomerservice@Samtec.com).

Sincerely,

Scott Lamb  
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Samtec, Inc.