



April 30th, 2020

## **Coronavirus Update/Service Recovery Plan**

### **Status Update:**

- Malaysia Motion Control Order has been extended once again and is now set to expire on May 12<sup>th</sup>.
- Samtec has secured additional waivers for all Malaysia plants and we are now producing up to 90% of the "pre-coronavirus" total Malaysia Manufacturing output
- Over the past 3 months we have had added 320 production associates
- Samtec Order Demand has increased by 40% during March and April, during a time when our output rate was as much as -40% due to COVID 19 restrictions and closures
- The combination of +40% demand and -40% output over numerous weeks created a past due back log of 155,000 work hours
- Samtec has exceeded our "expedite capacity" and experienced a significant loss in output as a result

Due to manufacturing limitations placed on Samtec by the continued extension of the Malaysia Motion Control Order we have been unable to keep up with the growing backlog of past due orders. Our efforts to prioritize orders based on application and short-term customer needs has exacerbated our output challenges with more/smaller productions runs and increased changeovers. Our best and only option is to adjust from our current strategy and clear a path for a swift recovery. We understand that these changes may cause some short-term disruptions but they will allow us to most quickly return to traditional Samtec Service levels.

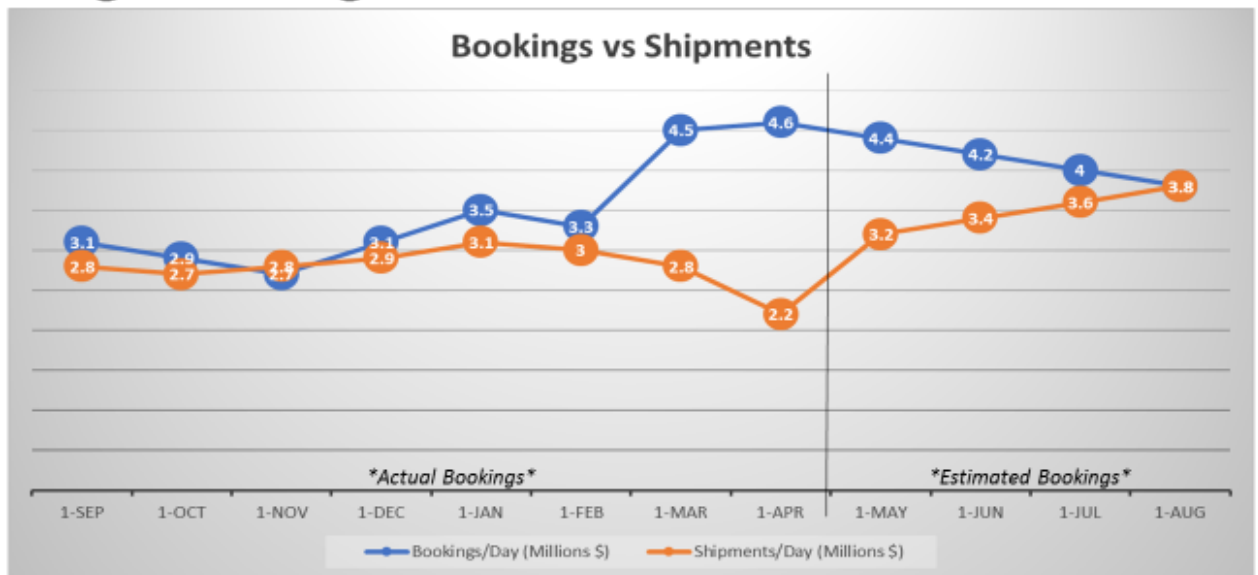
To create a "catch up" window for our Production Teams, ***Samtec has temporarily extended new order lead times by 6 weeks.*** This window allows us to focus our entire manufacturing- footprint on past due orders as well as to meet our scheduling commitments on existing orders. Production will work on our most past due orders first, along with previously committed expedites, and then batch future scheduled orders for greatest efficiencies. Bottom-line, our target is to be caught up within 6 weeks.

***Expedites will need to be suspended during this catch up window,*** we have exceeded our expedite capacity and as a result have experienced a loss of 25% to 30% output in increased

changeovers and small production runs. Once we are caught up with past due and are back to traditional OTD levels we will regain our expedite flexibility.

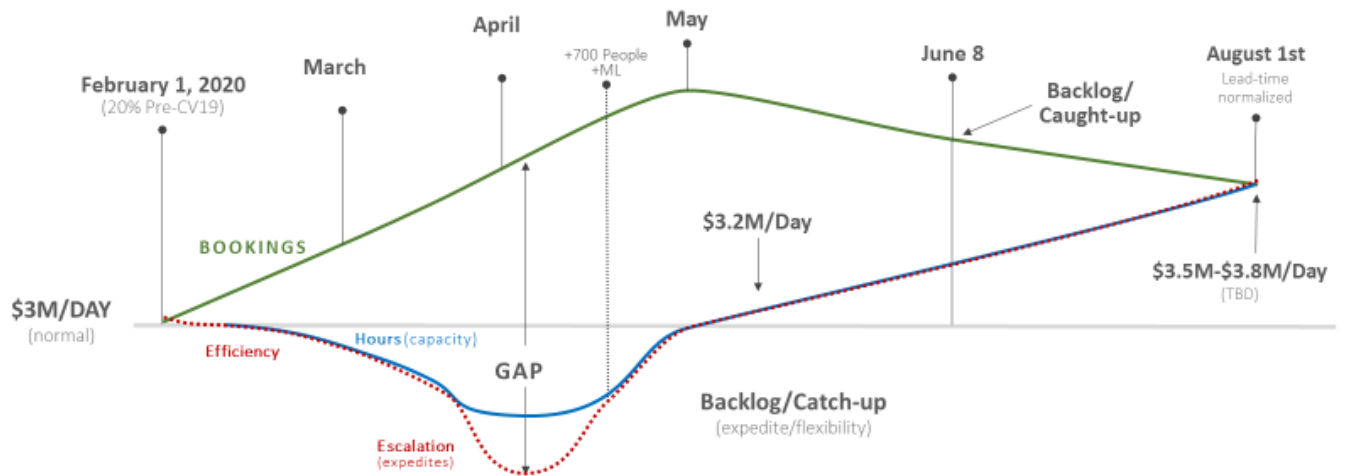
Attached are two illustrations that show our demand history as well as our output performance. The Recovery illustration shows an anticipated catch-up to demand at the end of July to early August based on the 6-week backlog catch-up, increased hiring and most importantly new and continued demand over the upcoming weeks. We will monitor each of these factors and reduce new order lead times as we continue to close the gap between demand and output.

## Setting the stage...



- Estimate 25% less production efficiency with expedites everchanging priorities.
  - Our 25,000 hours a day became 18,750.
- We've added 330 people in 6 weeks- adding another 370 over the next few weeks
- We estimate true bookings to \$3.5 to \$3.8M a day, making our goal 35,000 hours/day

# SAMTEC RECOVERY PLAN



We appreciate your patience and loyalty as we work through the unprecedented challenges.

Sincerely,

Scott Lamb  
Director of Global Sales Operations  
Samtec, Inc.