



MAUSER

Packaging Solutions

REDEFINING SUSTAINABILITY

TINPLATE 2022

Information and FAQ's

3 November 2021

FAQ's

▶ Why is the pricing so high for steel this year?

- High demand with limited supply due to shutdowns from Covid-19 and steel mills playing catch up
- Many mills are behind or still have halted assets that are not producing steel due to costs, lack of labor
- Freight costs to move steel have increased substantially
- Domestic mills will be shutting down assets into Q1 due to maintenance that they cannot avoid any longer
- Competing industries (Auto, Appliance, Etc.) are vying for the same steel capacity

▶ Can MPS purchase steel from outside the US at a lower price?

- No, this impacts the global steel supply and in fact landed cost/ton is currently higher from international suppliers
- Mills in China are shutting down and or idling capacity due to new environmental standards
- Ocean freight costs to bring steel to the US via shipping containers on the water are now as high as \$30k per container
- Current reliability of foreign supply regardless of pricing, is poor

FAQ's Continued

▶ **Are Tinsplate and Black Plate prices guaranteed for 2022?**

- No, we will do our best to hold pricing for the duration of 2022; however, there is a possibility that pricing could continue to climb and supply could continue to be unstable. If this happens, we will do what is needed to ensure our supply of steel which could include paying more for steel and or freight to get it to our plants.

▶ **Is there a chance of Tinsplate pricing going down in 2022 ---- if Cold Rolled goes down?**

- The Tinsplate pricing is set and negotiated for the year with the Domestic mills. As always, MPS will look for ways to reduce all costs as soon as possible. Although domestic pricing is set for the year, the mills could impose surcharges as they have in the past.
- We don't know how long pricing will stay at the 2022 levels, but should it go down in 2023. As we expect it to, we will share that reduction with our customers.

Steel Market General Comments

- ▶ During the initial months of the Covid -19 pandemic shutdowns, many steel mills in the U.S halted production under the assumption that the world was headed into a deep recession. The decline in demand never materialized.
- ▶ A global semi-conductor chip shortage significantly impacted production at US automakers reducing their need for steel. The auto industry is the 2nd largest consumer of steel. The drop in demand pushed US mills to further idle production.
- ▶ Homeowner's consumption patterns gravitated to buying new lawn mowers, cars, appliances and home improvements as they now had time to work on these projects while quarantining.
- ▶ The change in spending habits and consumption patterns combined with the scale back of steel production has led to supply issues and prices skyrocketing.
- ▶ Steel prices are also influenced by lack of labor. The wage rates and energy costs to produce the material continue to climb.
- ▶ As steel is processed and moved from mill to mill for tin mill sheet conversion, each mile the material moves adds to the cost. In addition, driver wages and transportation costs – including fuel, equipment maintenance and insurance are all adding to the cost.
- ▶ Higher import freight, duties and taxes, which include the 25% metal tariffs, continue to factor into the higher costing of global steel.
- ▶ The high demand, and the pandemic recovery has also emptied an already stressed supply chain with inflated prices at unprecedented rates.
- ▶ As domestic suppliers struggle to restore capacity, users of imports are taking a double hit from tariffs and ocean freight costs.
- ▶ China is planning to cut steel production in order to reduce CO2 emissions, this will likely keep steel prices high in 2022 with supply constraints.
- ▶ U.S steel consumption is estimated to reach 108 million tons in 2022, while domestic production is estimated at 87 million tons.
- ▶ Steel producers are now in a position to “cherry pick” the grades, gauges and sizes they produce in order to maximize profits. The steel producers currently have all the negotiating power.
- ▶ China was supporting the steel industry by as much as 13%, those subsidies have been removed.

Steel Market Overview

- ▶ Steel Pricing remains at an all time high and continues to climb
- ▶ Cold Rolled steel (steel pail and steel drum) is up over 300% YOY and is going to post even higher for October
- ▶ Mills are at capacity and are causing large delays and shortages for all steel specifications
- ▶ Cold Rolled steel is the substrate used to make Tinsplate (paint and aerosol cans) and Black Plate (light gauge steel pails)
- ▶ Making Tinsplate yields only 60% of the substrate
 - The mills do not want to make Tinsplate or Black Plate, especially now
 - Tinsplate is only 2% of the total global steel market
- ▶ MPS has had to agree to unique terms to ensure domestic supply of Tinsplate, Black Plate, and Cold Rolled steel
- ▶ Foreign supply is rife with doubt and uncertainty
 - If you can get it, freight is \$22-\$30K+/container to get it to a domestic port that is unstable as well
 - We will be sourcing foreign steel in 2022
- ▶ Tinsplate will be going up 105% on January 1st

Cold Rolled Coil		
	2020	2021
Jan	\$ 780	\$ 1,177
Feb	\$ 796	\$ 1,368
Mar	\$ 779	\$ 1,448
Apr	\$ 722	\$ 1,528
May	\$ 680	\$ 1,669
Jun	\$ 697	\$ 1,857
Jul	\$ 683	\$ 2,000
Aug	\$ 638	\$ 2,095
Sep	\$ 703	\$ 2,164
Oct	\$ 832	
Nov	\$ 895	
Dec	\$ 1,016	

