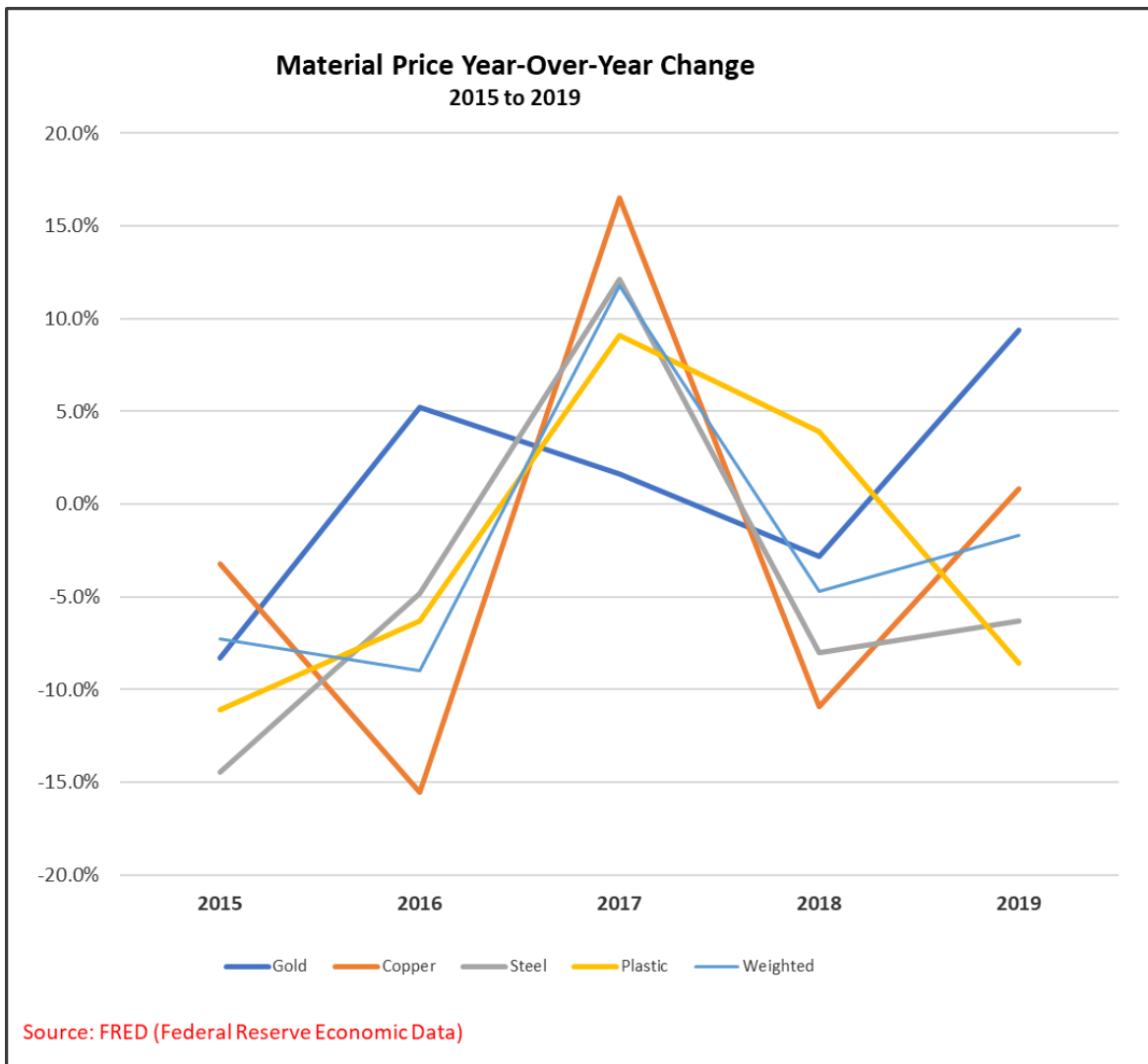


## 1Q20 Material Costs

Bishop & Associates tracks material costs for gold, copper/brass, steel and thermoplastics used in the manufacturing of connectors. These materials represent 75% of the material cost in a typical connector. Prices on these materials decreased 1.9% YOY in 1Q20 and declined -0.2% sequentially from 4Q19 when weighed by usage in connectors.

The following chart shows the YOY change in the cost of these materials over the last five years.



The following table shows the YOY change for each material. Copper/brass and thermoplastics make up 80% of the cost of these materials in connectors. Since gold was up 19.6% in 1Q20, this negated the lower cost of the other materials in the first quarter.

### 2020 YOY & Sequential Cost Change by Material

Material	1Q20 YOY Change	1Q20 Sequential
Gold	19.6%	6.9%
Copper/Brass	-3.2%	-0.7%
Steel	-11.4%	2.9%
Thermoplastics	-6.8%	-3.0%
<b>Total Change</b>	<b>-1.9%</b>	<b>-0.2%</b>

It is important to understand that the change in raw material cost will differ based on individual usage of these materials, however, the general trend is downward.

#### ***Bishop Comments***

- A raw material cost decrease generally has a positive influence on profitability. However, the precipitous decline in volume during the first quarter offset this gain.
- Economic growth conditions are very uncertain for the remainder of 2020. This may contribute to further decreases in material cost during the remainder of the year.