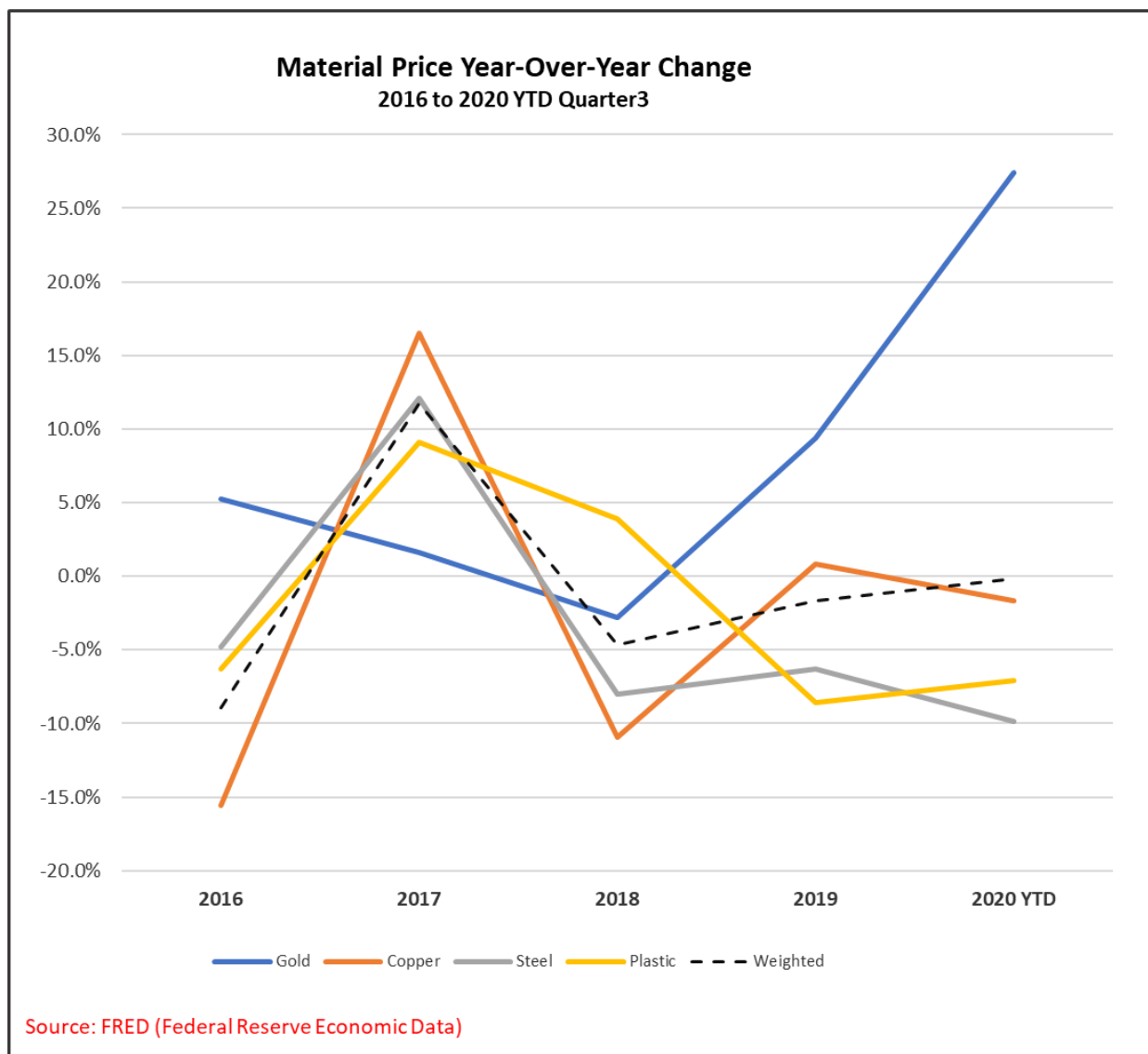


3Q20 YTD Material Costs

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 increased 8.7% YTD in 3Q20 and declined -0.2% YTD when weighed by usage in connectors. Gold was the only contributor to the unweighted increase.

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 27.4% YTD 3Q20, that negated the lower cost of the other materials in the first three quarters.

2020 YTD & Weighted Cost Change by Material

Material	YTD 3Q20	YTD 3Q20
	YTD	Weighted
Gold	27.4%	3.7%
Copper/Brass	-1.7%	-0.8%
Steel	-9.9%	-0.7%
Thermoplastics	-7.1%	-2.4%
Total Change	8.7%	-0.2%

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 decline in raw material cost tends to have a positive influence on profitability. However, the precipitous decline in volume during the second quarter may have offset this gain.
- Economic growth conditions are very uncertain, particularly until there is widespread distribution of the COVID-19 vaccines. This may contribute to further decreases in material cost over the next few quarters.