

Logistics and Supply Chain Update

August 14, 2020

Supply Chain

The resurgence of COVID in some parts of the world has had minimal impact to supply and demand. Recovery continues to be the common theme across the majority of regions.

China: While there has been some minor resurgence of the virus, neither supply nor demand has been impacted.

Thailand: Suppliers have not reported any major issues for several weeks now.

India: Some suppliers continue to be challenged due to COVID related disruptions.

Japan: No major update. Impact to delivery or lead time has been minimal.

Philippines: While the government mandated lockdown has been fully lifted some suppliers are being impacted due to the resurgence and increased infection rate.

Malaysia: Infection rates continue to be under control. Supplier operations have normalized as there have been no new issues reported for several weeks.

Europe: The EU Council continues to expand the lift of travel ban to additional countries. However with recent resurgence in some regions, the risk of uncoordinated border restrictions is increasing which can impact free movement of goods.

US: Despite concerns around COVID, suppliers have not communicated any major supply disruptions as safety measures seem to have taken a foothold.

Mexico: Pockets of regions and suppliers continue to struggle with disruptions caused by new infections. However risks to SMTc's supply assurance remains low.

Seth Choi, VP Global Supply Management

Logistics Update

Flow of material is improving with greatest delays and expenses continuing in China with Heavy Air and blank Ocean transport between Asia and US.

Air Transportation: Transit times have made some improvement and are getting closer to pre-Covid expectations (see table below). Greatest delays continue in heavy air from Asia. This continues to be the greatest impact in China where both US and China are restricted the number of allowable passenger flights per day. International heavy air peak surcharges from Asia remain high at over 100% with smaller

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surcharges on international small parcel. FedEx announced a recent increase on surcharges and is experiencing delays for additional checks on exports from China. See transit time below

Lane	Forwarders		FDX / DHL	
	Agreed TT	COVID TT	Agreed TT	COVID TT
Asia to NA	7-9	9-10	2-4	3-5
Asia to EU	7-9	9-10	2-4	3-5
EU to Asia	5-8	9-10	2-3	3-5
NA to Asia	5-8	7-9	2-3	3-5
NA/EU (both ways)	5-8	7-9	2-3	2-3

Ocean: With reduced demand blank sailings continue which can result in delays in pickups to as much as two additional weeks. That being said delays are less frequent and more in the one week range. With reduced US demand this expected to continue.

US transportation: No impact or changes

Border Crossing: Borders remain open for the flow of goods to Mexico. Our cross dock operations are open and experiencing minimal to no delay in transit times to and from the US into Mexico

Chuck Fries, VP Logistics & Planning