

Luterbach, 14 February 2020

Dear Customers

Following the outbreak of novel coronavirus (COVID-19) that was first reported from Wuhan, China, on 31 December 2019 and containment actions from Chinese government, we would like to provide you an update on the impact to Schaffner.

Schaffner Shanghai operation started on 10th February 2020 after the extension of Chinese Spring Festival holiday by Chinese government. Local regulation requires all employees, returning from other provinces to Shanghai, to stay at home for two additional weeks before coming back to work. This is to ensure employees are healthy and reduce cross-infection. With these measures, we are currently working with reduced capacity. However, ramp up and capacity will increase as our employees return day by day after fulfilling the self-quarantine period. The safety of employees is our priority. Schaffner Shanghai has set up an epidemic prevention team to monitor the situation closely, carry out personnel health and access programs. Wherever possible, office staff is working from home. Rotation of two teams between working from home office and Schaffner office is also in place.

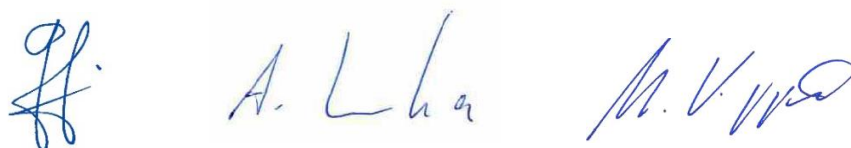
As these containment actions are applied nation-wide, most of our Chinese suppliers faced the same capacity limitation with some re-starting operation later than 17th February 2020. We are in close contact with them to set up the best possible delivery plan. On top of production capacity limitation, the domestic transportation and export of goods are also affected. The export capacity is limited due to backlog from Chinese Spring Festival holiday and flight cancellations of major airlines to and from China. Hence, for the time being, export planning is very difficult.

We are reviewing the material situation on daily basis. Most confirmed sales orders are not affected, in case of expected delay, customers will be promptly informed. Confirmation of new orders will be based on the raw material situation. As current capacity planning is quite difficult an early placement of orders helps to estimate coming demands and delivery times.

We expect supply and logistic situation in China to be clearer in coming weeks. As soon as the situation is cleared, we will confirm the orders with reliable delivery data and inform our customers accordingly.

For further questions please contact our responsible sales point directly.

Thank you for your understanding.



Dr. Guido Schlegelmilch
Head of Business Unit EMC

Alexander Kamenka
Head of Business Unit PQ

Martin Köppel
COO a.i.