

HDMA Pulse Report April 2022

with MacKay & Company

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HDMA

MacKay
& Company

NOTES

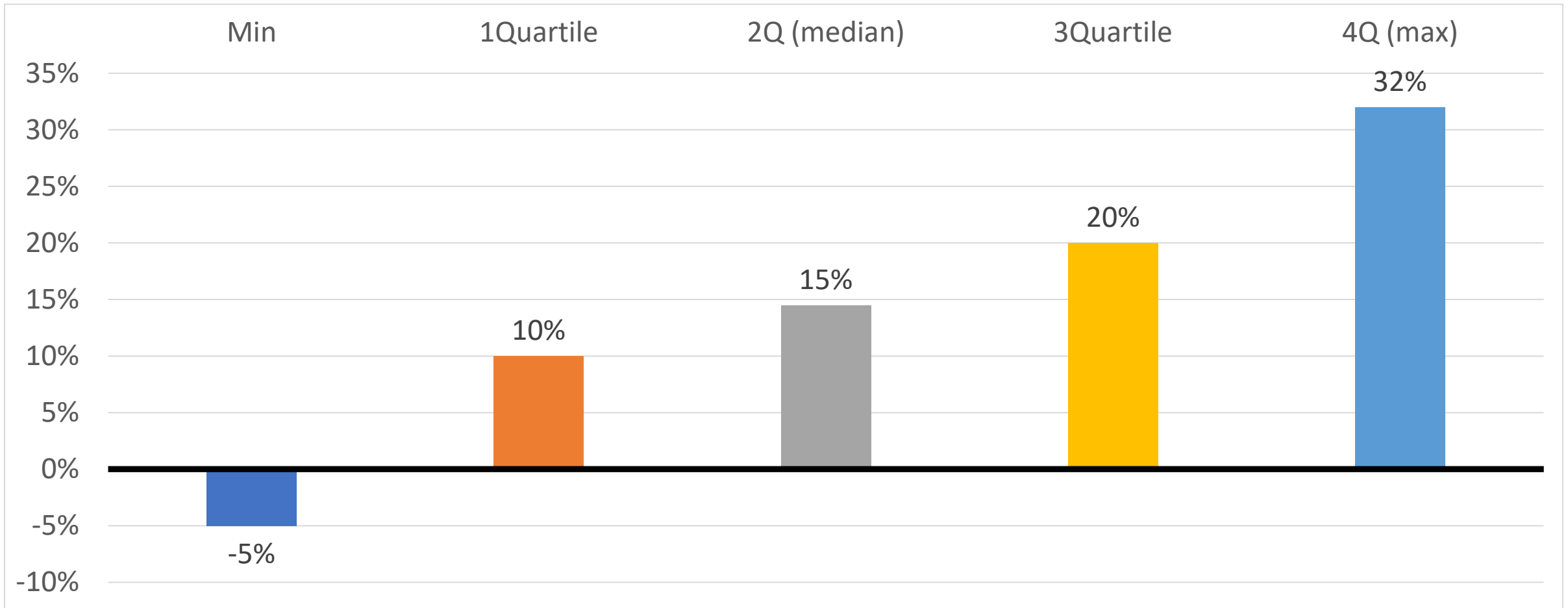
- Data is from our HDMA Pulse Survey April 2022
 - 26 completions
- Total commercial vehicle supply market
 - Classes 4-8, plus trailer
 - Off-highway 50hp+
 - Independent aftermarket & OES

FINDINGS

1. While problems remain, most areas of the supply chain have stabilized somewhat, allowing for short and long-term business plans to become more optimistic.
2. Suppliers see labor availability and inflation, both general and specific, as the greatest risks to fleets.
3. Outputs remain stable, and for the first time, all departments are reporting at 90% or above staffing level.

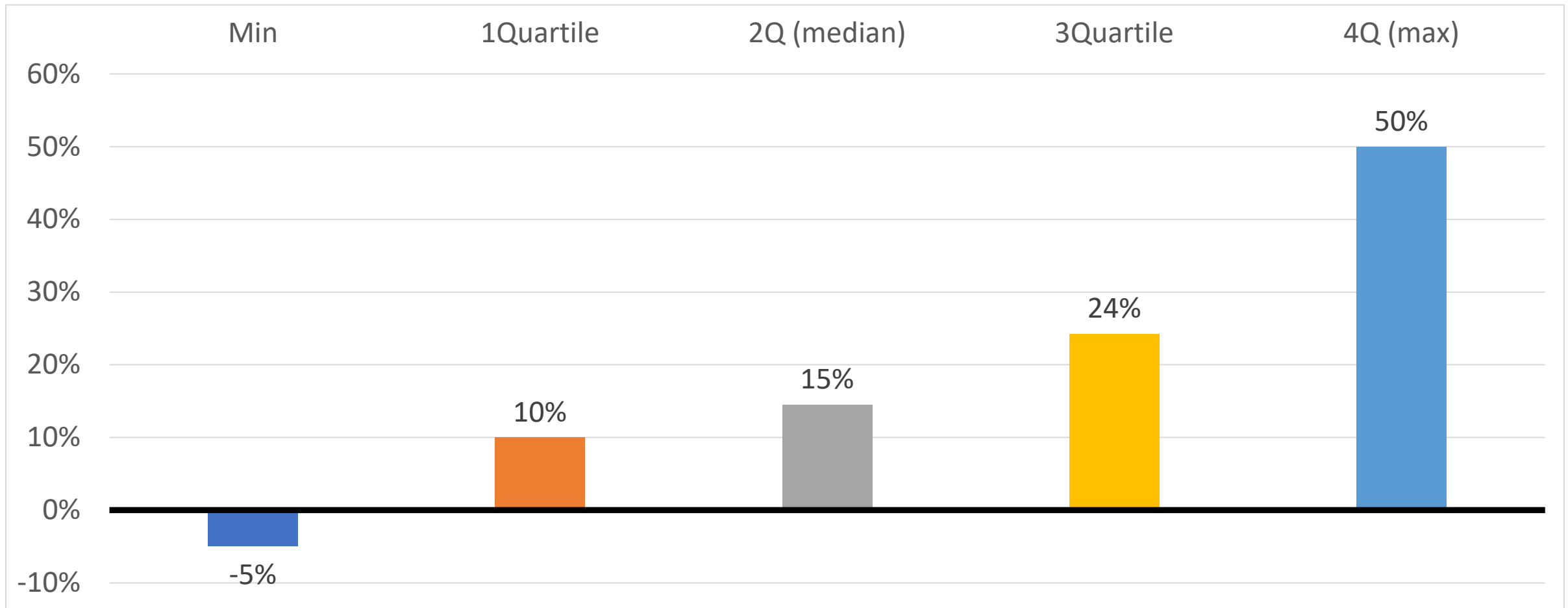
SUPPLIER BUSINESS PLAN – QUARTER

What is your current North America Q2-2022 commercial vehicle business plan compared to Q2-2021?



SUPPLIER BUSINESS PLAN – ANNUAL

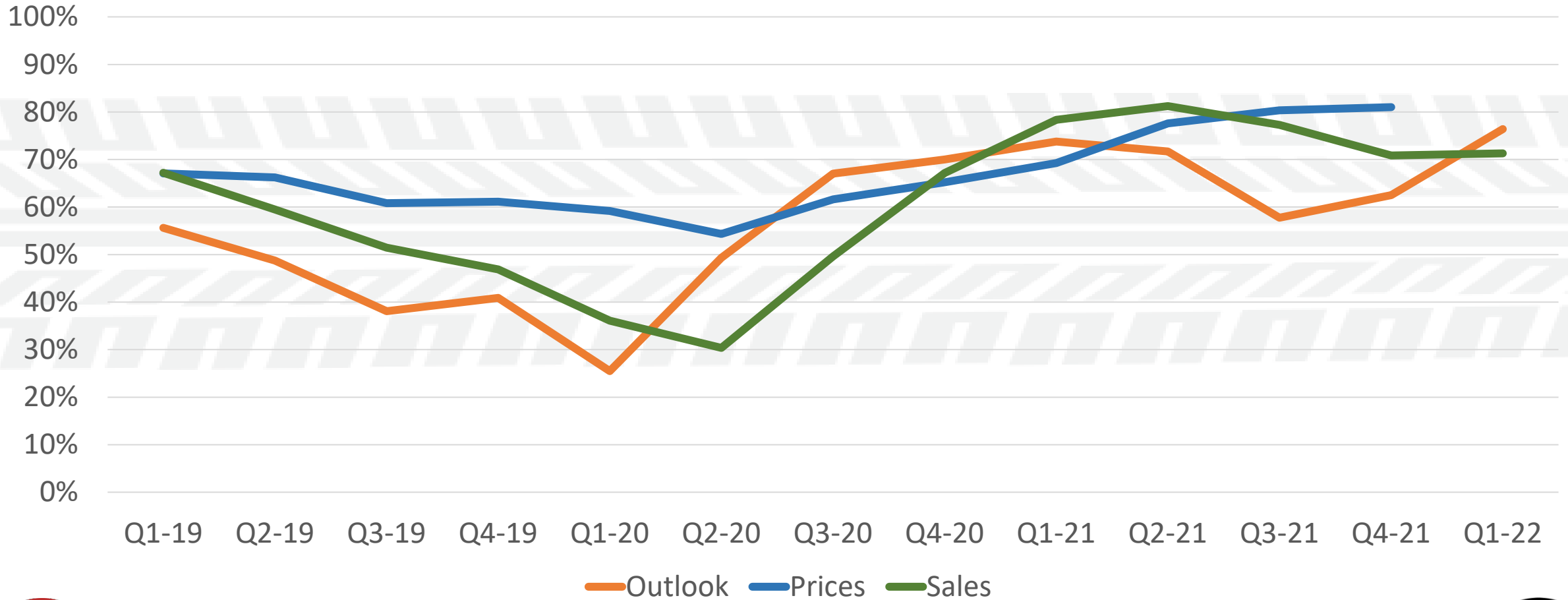
What is your current North America 2022 commercial vehicle business plan compared to 2021?



Average: 17%

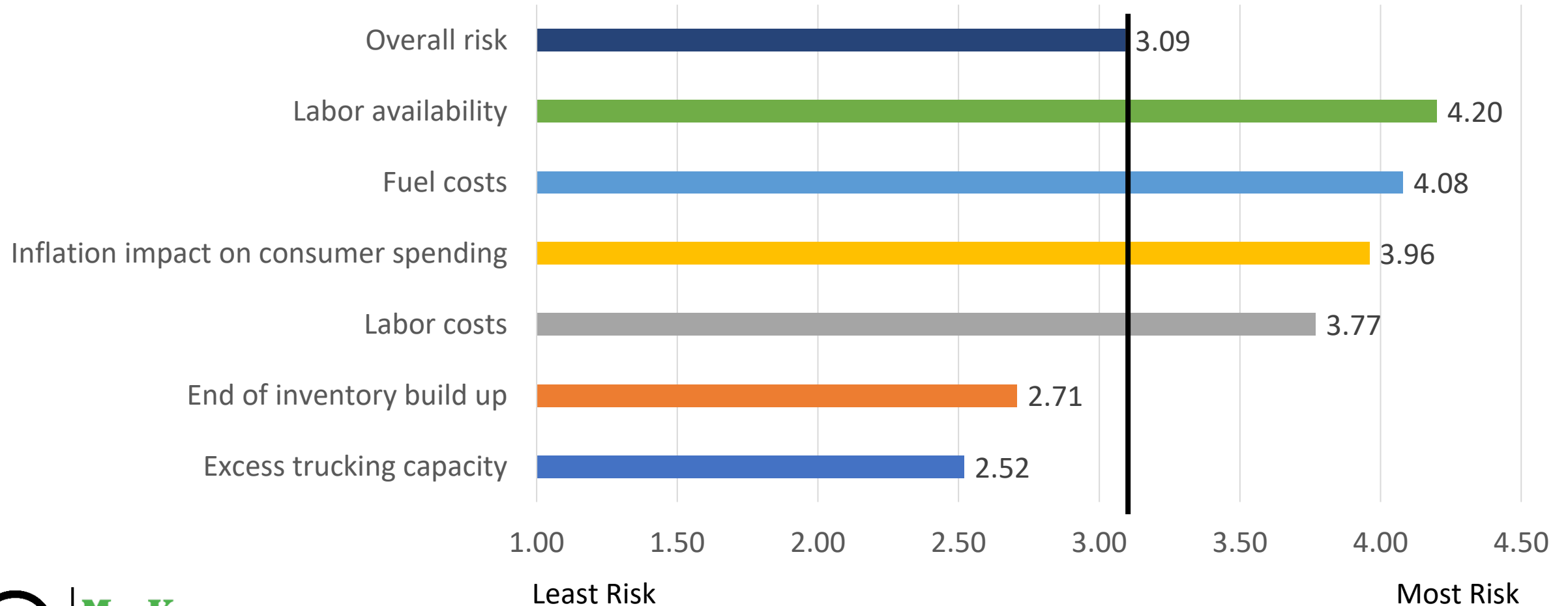
Situation Analysis

Situation Analysis – Percent positive long-term trend



FLEET RISKS

While the overall business environment remains strong, there are indications of challenges for truck fleets. Please rate the level of risk to fleets, and subsequent truck, trailer and equipment sales, that current conditions represent:



How would you rate the overall risk to fleets over the next six months compared to the risks to your own business?

- Risks to fleets are much greater than to my own business – 5%
- Risks to fleets are somewhat greater than to my own business – 33%
- Even if for different reasons, our risks are about equal – 38%
- Risks to my business are somewhat greater than to fleets – 24%
- Risks to my business are much greater than to my own business – 0%

FLEET RISKS

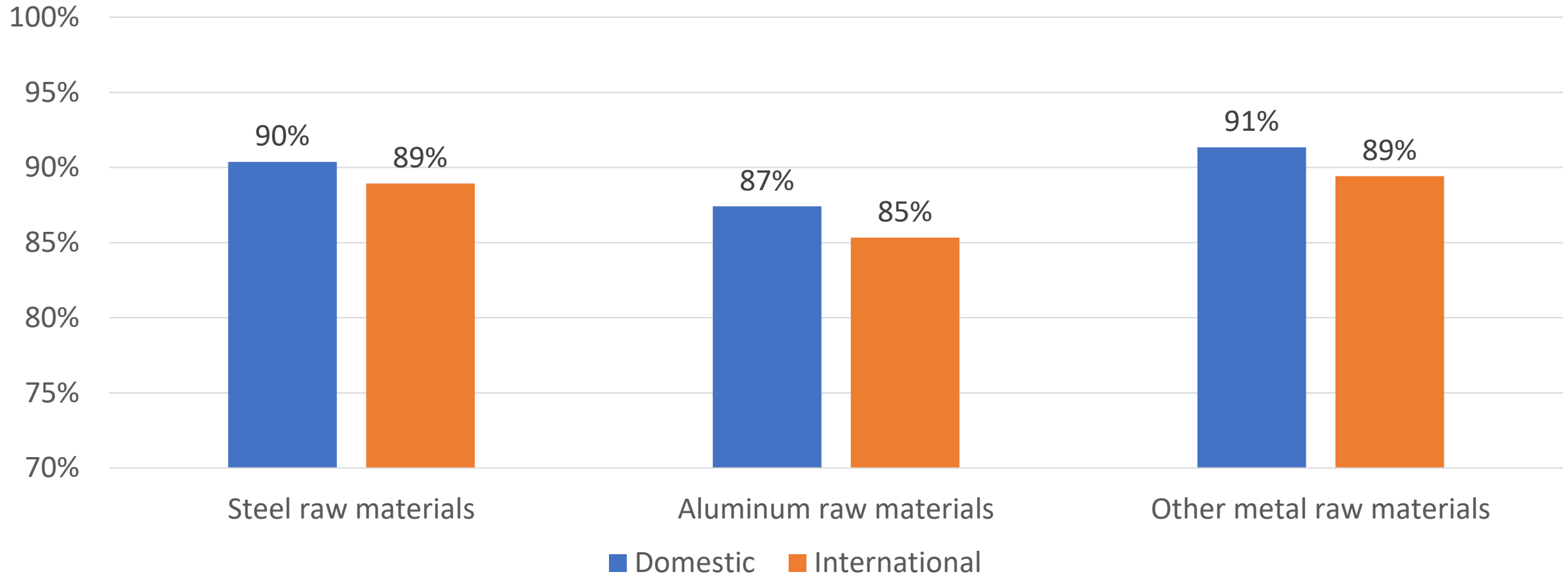
While the overall business environment remains strong, there are indications of challenges for truck fleets.

Please rate the level of risk to fleets, and subsequent truck, trailer and equipment sales, that current conditions represent:

- Commodity inflation and the impact on prices
- Component availability/ Supply chain disruptions
- Continue supply side constraint and raw material price increases
- Continued escalation in Russia / Ukraine spreading to other countries
- Higher interest rates.
- Inflationary impact on consumer buying habits leading to falling tender rejections [leading to lower] spot rates could lead to reduced new equipment demand. Increased taxes will exacerbate.
- Material and freight cost *especially overseas
- Overcapacity if we enter into a recession
- Part availability in certain product categories, especially product requiring raw materials from Russia and Ukraine
- Port closures and intermodal delays
- Shipping and Port delays; Part availability. COVID lock downs impacting availability

SUPPLY CHAIN – METALS

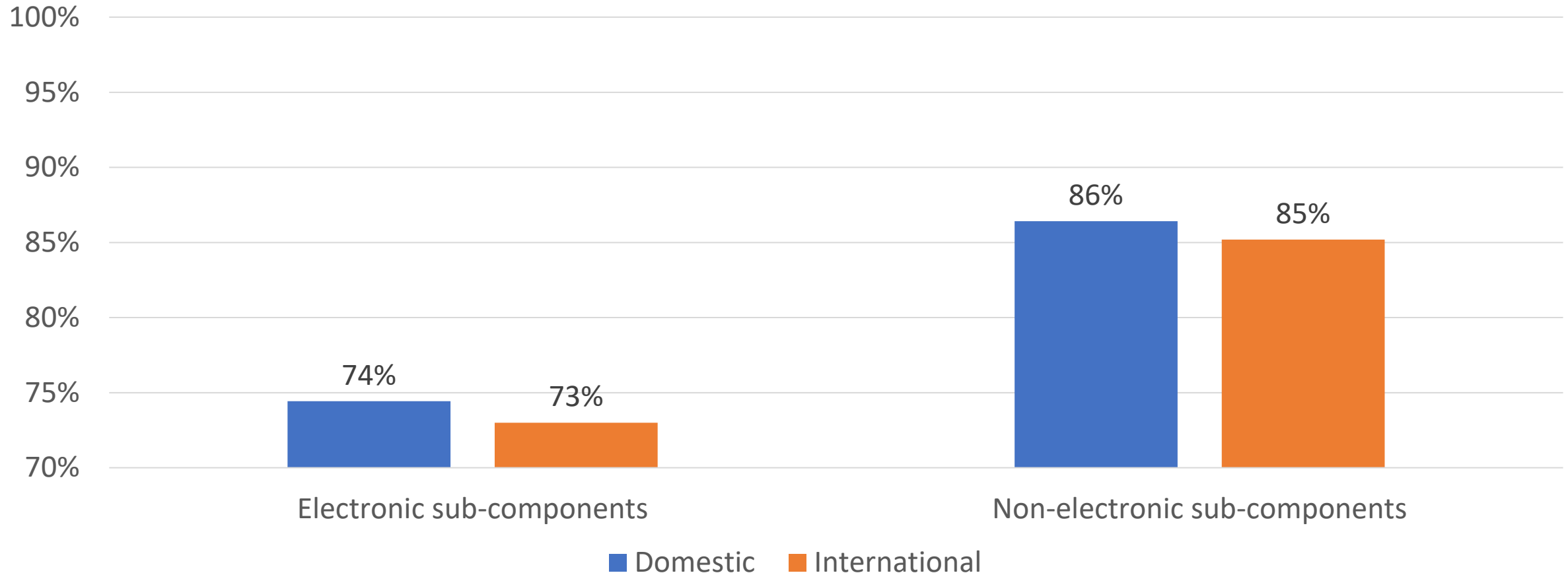
Please rate the overall condition of your company's supply chain by category compared to current demand levels.



Average of response midpoints

SUPPLY CHAIN – SUB-COMPONENTS

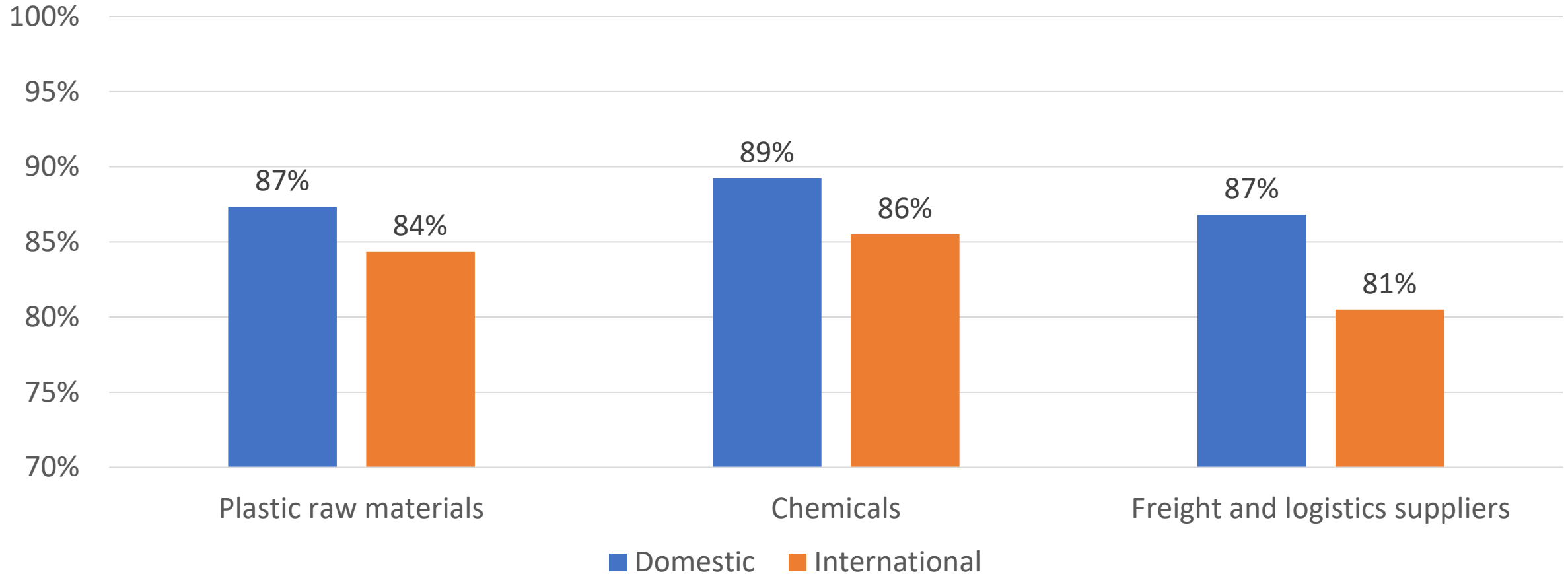
Please rate the overall condition of your company's supply chain by category compared to current demand levels.



Average of response midpoints

SUPPLY CHAIN – OTHER

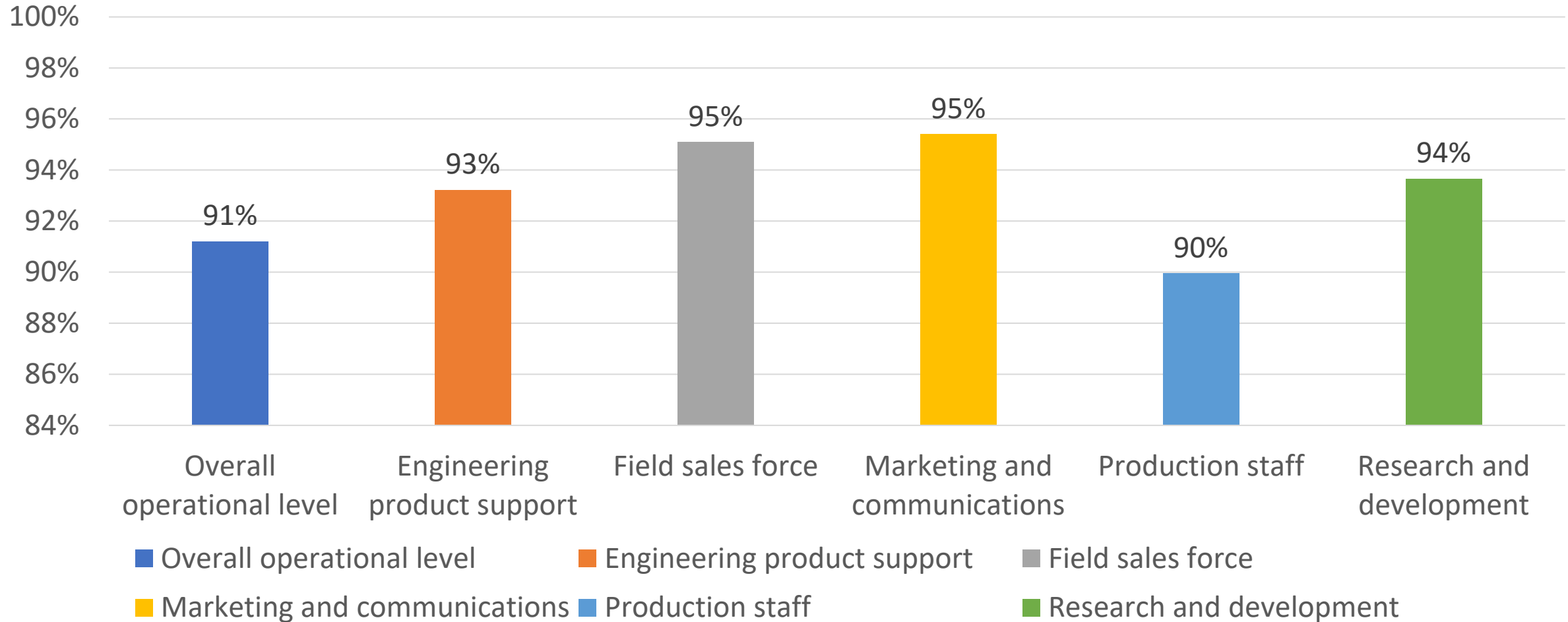
Please rate the overall condition of your company's supply chain by category compared to current demand levels.



Average of response midpoints

STAFFING CONSTRAINTS

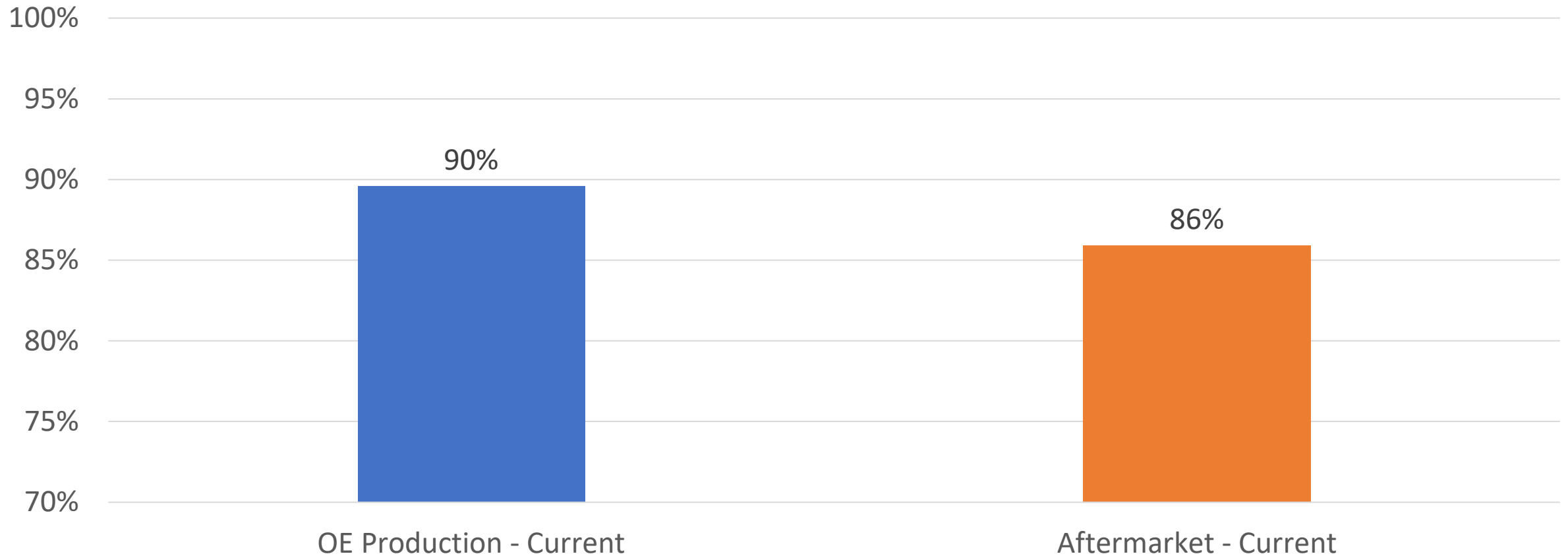
Please rate your company's current staffing levels by function or department as compared to your current demand levels.



Average of response midpoints

SUPPLY CHAIN – SUPPLIER STATUS

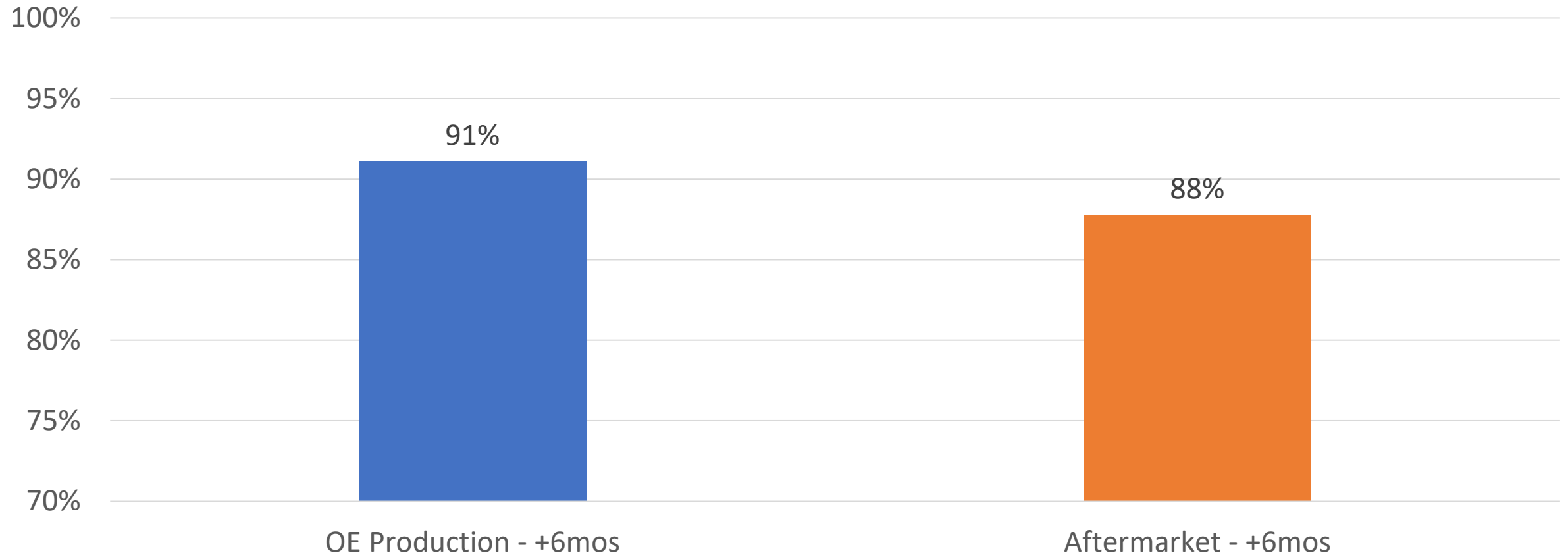
Given your supply chain constraints and any additional internal constraints such as staffing and capacity, please rate your own company's ability to fulfill orders over the course of this month:



Average of response midpoints

SUPPLY CHAIN – SUPPLIER OUTLOOK

Additionally, given those same constraints, please project your own company's ability to fulfill orders over the course of the next six months:



Average of response midpoints

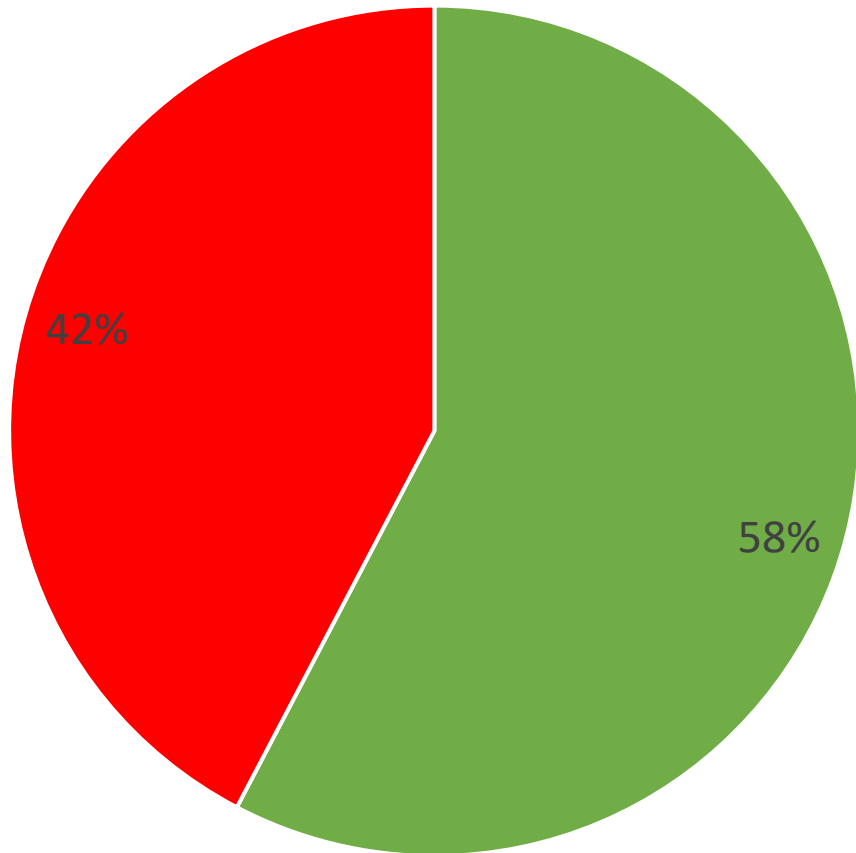
What percent of your supply chain restructuring plans have you completed?

- All done (95%+) – 0%
- Mostly done (\approx 80%) – 50%
- Good progress (\approx 60%) – 28%
- Not quite half (\approx 40%) – 11%
- Just starting (25% or less) – 11%

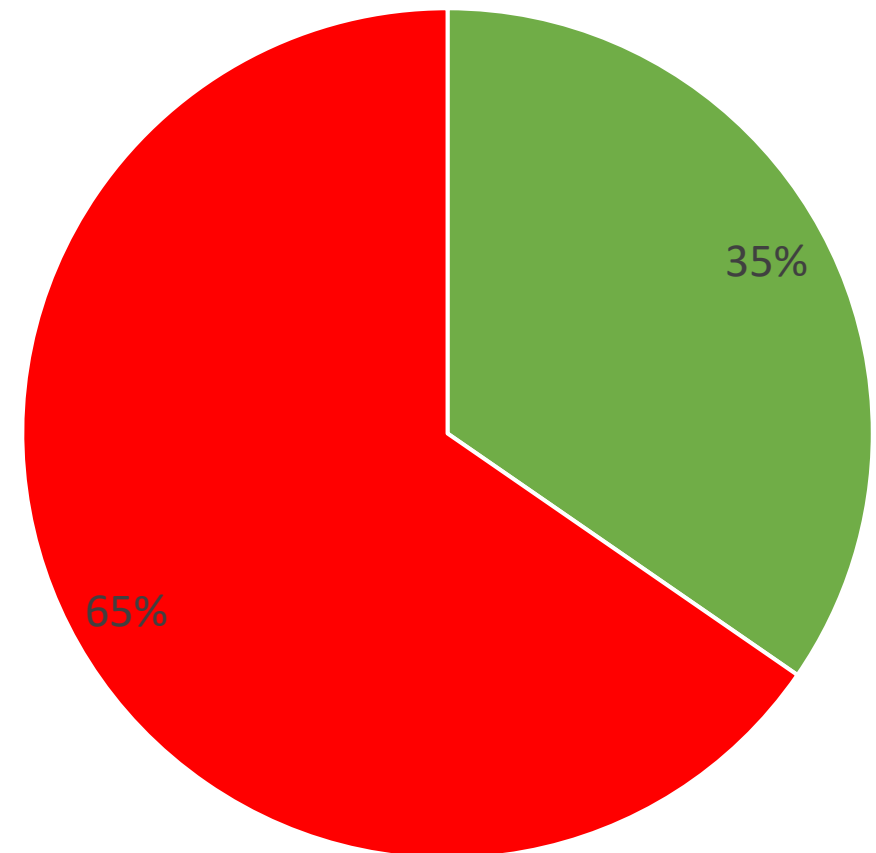
FORCE MAJUERE

During 2022, have you received/issued force majeure letters from/to major suppliers/customers?

Received



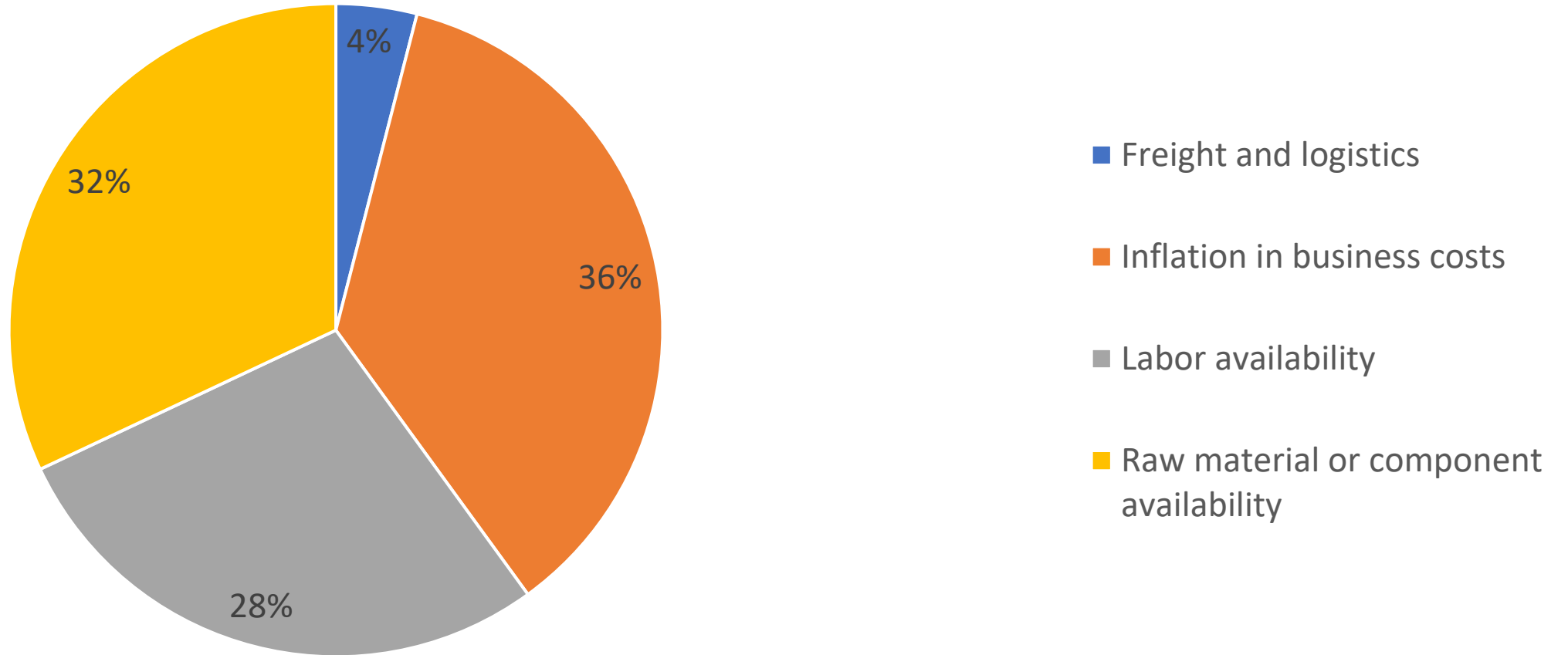
Issued



■ Yes
■ No

SUPPLIER CONCERNS

What is currently representing the greatest challenge for your business in 2022? (please select one)



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