

June 28, 2021

To our Customers,

The commercial kitchen equipment industry has entered a period of extreme demand and limited supply, which is going to cause some big headaches. As your partner, we want to ensure you are aware of current conditions and advise you to order equipment well in advance to avoid delays. A little planning right now can go a very long way. These are the conditions we are seeing:

Lead times are double to triple what was typical. Equipment production that took 3 to 5 weeks in April has already climbed to as high as 3 to 4+ months. Manufacturers are seeing record order levels and at the same time are experiencing shortages in raw materials, components, and labor. Additionally, shipping demand has far surpassed current bandwidth for ports, rail and truck carriers, resulting in equipment not being produced or delivered on schedule. This affects both equipment manufactured in the U.S. and equipment imported from overseas.

Nearly all manufacturers are issuing price increases. These increases stem from cost increases in material, labor and shipping. Manufacturer price increases that usually average 2% or 3% annually are passing at 6% to 12% right now. Many factories will take two or three price increases by the end of 2021 to net an increase over 10% for the year.

What can you do? During the next 12 months, the greatest solution Avanti can provide is to help you order in advance to avoid delays. There is a shortage of equipment that we cannot work around, we can only get ahead of. Here's what you can do:

- Order equipment packages for projects as early as possible. We stage locally to your project and any extra staging cost will be smaller than the cost of not having equipment when you need it.
- Pre-order hoods and walk-ins. These are usually custom and are needed early in a project.
- Be flexible with manufacturer and equipment specifications—we may be able to improve a lead time by finding an alternative piece of equipment.
- Consider stocking key equipment at a warehouse.
- When remodeling, save what you remove, you may need it at another location in a pinch.

We want to thank you for your business and partnership. We would not be here if it were not for the kitchens you create and operate. Please reach out to us if there is anything we can do to support you through these challenges.

Thank you,



Rory Clarke

President
Avanti Restaurant Solutions