

Hanson Packed Products



“We are currently experiencing shortages of cement, and I want to let you know the factors that have caused this, and the actions that we are taking to minimise disruption to you.”

Andrew Simpson
Packed products director

➤ FACTORS AFFECTING US



Huge increase in demand across the cement market

- The cement market has seen an increase of around 30% across all sectors since mid-2020
- This is unprecedented as the market normally fluctuates with high levels of activity in one sector, being counterbalanced by lower levels in others
- The bulk cement market consumes roughly 80% of total cement production and Hanson Cement has an even split between bulk and packed cement. The main sectors for cement usage are ready-mixed concrete, concrete product manufacture, construction site activity and builders' merchants



Cement plant shut-downs

- It is essential that we maintain our cement plants to remove the risk of critical failures. Such a failure would have a major impact on the whole UK construction industry
- Our 2021 shut-down resulted in some unforeseen work being needed, whilst stock levels were lower than normal due to demand
- Other manufacturers also performed shut-downs on their plants, with some delayed by Covid restrictions



Availability of haulage

- We compete for haulage with FMCG and other sectors, all of whom have seen increases in demand. This has resulted in a shortage of vehicles available to make our deliveries
- Some areas of the country are becoming increasingly difficult to serve



Availability of packaging and pallets

- In the longer-term we face issues on the availability of packaging (paper and plastic) due to global demand
- We have been notified by our suppliers that they could have difficulties sourcing polymers and kraft paper to manufacture cement bags
- Pallet availability is also a concern given the increase in demand across all timber markets affecting availability and pricing

> ACTIONS WE ARE TAKING



Allocation

- We implemented a packed cement allocation in May 2021 and calculated the number of daily loads per customer based on the production and distribution levels that we believed were achievable
- Our own concrete business has been subject to the same allocation
- Regrettably, we have been unable to maintain those levels. We have therefore taken the decision to reduce the allocation from 17 May 2021
- We will closely monitor these levels in line with our capabilities, and release the restrictions as soon as possible



Importation of cement

- We are actively looking to increase capacity by importing cement, although this is difficult as the increase in demand is global and there is reduced availability of shipping



Production planning

- We are making decisions daily on the right product mix to produce to be able to maximise supply

Please be assured that we are doing all we can to ensure product availability is as high as possible, and putting in place robust actions to minimise the impact of the factors described above. I would like to thank you for your continued support and custom in these challenging times.