

## Status Update COVID 19 – 25 March

*This document is provided for information purposes only and is accurate to the best of our knowledge as at 25 March 2020. E+H will not be legally bound by any information contained therein nor held liable for any actions taken by customers as a result of acting on this information.*



Due to the outbreak of the Novel Coronavirus (COVID-19), Endress+Hauser Australia has set up a task force and working groups to respond to the developing situation. The focus of Endress+Hauser is to minimize the impact of the disruption caused by the outbreak on our customers. Our customers are our priority, and we seek to continue to provide service to your business in a safe and continuing manner.

The special conditions outlined in this document outline some of the impacts we are seeing, due to disruption of freight services and the measures we are taking to minimize the effects of these. We thank you in advance for bearing with us in this dynamic situation, and we look forward to working with you to ensure that we can mutually address the challenges of these times.

Above all else, we seek to continue being a reliable and safe partner for you, and should you have any concerns, please reach out to your local Endress+Hauser Australia contacts, who are ready and willing to assist you.

Warwick Bardsley  
Managing Director  
Endress+Hauser Australia Pty Ltd

## Table of contents

<b>1</b>	<b>Impact</b> .....	<b>1</b>
1.1	Production .....	1
1.1.1	Current Situation .....	1
1.2	Logistics Channels.....	2
1.2.1	Radioactive Sources and Containers .....	2
1.3	Pricing & Exchange Rate .....	3
1.4	Factory and Site Services.....	3
<b>2</b>	<b>Measures</b> .....	<b>4</b>
2.1	Production Stock.....	4
2.2	Service.....	4
2.3	General Measures.....	4

## Version history

Version	Editor	Comments
0	AH	Initial Release
0.1	SF	Added Gamma section
0.2	SF	Grammar + title + introduction

## 1 Impact

### 1.1 Production

Endress+Hauser has invested in a distributed network of production for a long time. This was done to provide localized support for the markets that we operate in globally, but also to help in mitigation against natural disasters that might affect production in certain regions.



Figure 1: Worldwide Network

The figure above shows that our production is spread over five (5) continents. The COVID-19 outbreak is unique to other natural disasters, in that the effect of the virus outbreak has spread globally. This has put global supply chains under major stress. The issue is compounded by reduction of commercial air transportation, which was also a channel for air freight.

#### 1.1.1 Current Situation

We are pleased to advise, that today, almost all our production centers are still operating at full capacity. In fact, with a decline in COVID-19 cases in China, our Suzhou facility is working overtime. However, some local legislations from governments have affected facilities in the following countries:

- India – the Government of India has legislated a 3 week complete shutdown to try and control the outbreak.

- Italy – this region has suffered the worst outbreak in Europe and as a result we have seen one of our facilities there see significant reduction in output. This is expected to continue at least into early April
- South Africa – the Government of South Africa has also enforced a widespread shutdown affecting one of our facilities, which was largely only servicing sub-Saharan Africa.
- France – our facilities are still all operational but have seen a reduction in output due to personnel constraints. The output from the French facility has been picked up by Suzhou, China instead. Some specialist products produced only in the Cernay, France are affected, these will be noted in our proposal, if included in the offer.

All other production facilities in the USA, Brazil, Switzerland, Germany, France, China and Japan are fully operational and producing at capacity at date of submission of this document. However, some delays are expected across the board, as the existing production facilities take on the extra load from those centers that have been shut down.

The aim of Endress+Hauser is to remain able to produce and deliver, even if there are some longer lead times.

## **1.2 Logistics Channels**

Due to reduction in cubic capacity of air freight globally, due to aircraft groundings and operational restrictions, there is an effect on freight lead times. Where possible Endress+Hauser Australia is utilizing production centers with the most secure freight channels. However, securing definitive lead times for products at this stage is not possible, due to no guarantees on freight costs and times being provided by the major freight companies.

Endress+Hauser Australia aims to keep our customers as up to date as possible on all delivery lead times as they become available. However, due to the circumstances, please note that any delivery times quoted are estimates only and should be re-confirmed at placement of order and still may be subject to change due to the ever-evolving situation.

At this stage, we are experiencing minimum disruption in domestic freight services.

### **1.2.1 Radioactive Sources and Containers**

Be advised that all flights to Australia bearing radioactive material have been suspended. At this point in time unfortunately there is no indication as to when flights will recommence.

### 1.3 Pricing & Exchange Rate

The Australian Dollar has suffered significant losses in the face of the pandemic and associated economic slow-down. The figure shows that just within the last month, there is a 10% movement of the AUD against our primary trading currency of EUR.

Due to the fluctuations in the AUD, there are three main impacts on proposals offered by Endress+Hauser Australia

- All quotes provided are subject to exchange rate variations. Unfortunately, Endress+Hauser is not able to provide fixed pricing against exchange rate in AUD. We aim to limit this by holding prices steady as long the exchange rate stays within 3% of the quoted exchange rate. Any fluctuations beyond 3% will require the invoice value to be adjusted accordingly.
- For projects, we can provide quotes in EUR currency. We believe this will provide some additional stability in the pricing, especially for project pricing.
- Due to the situation, Endress+Hauser Australia will be limiting the validity of all proposals to 30 days from date of quote. As global supply chains are impacted – we may experience fluctuations in raw material pricing, especially steel pricing. In such circumstances, Endress+Hauser reserves the right to vary the pricing as soon as it becomes aware of a material price change.



Figure 2: AUD/EUR exchange rate variation (source XE.com, 25<sup>th</sup> March 2020)

### 1.4 Factory and Site Services

In line with the Australian Government recommendations, Endress+Hauser Australia seeks to limit the chance of transmission of the COVID-19 virus. This includes social and personnel distancing. However, we are understanding of the critical nature of our customer industries and are putting measures in place to continue to assist our customers.

- Endress+Hauser Australia can continue to provide commissioning and site services as requested by our customers. However, due to the restrictions in place between the different States of Australia, mass reduction of domestic flights, all site services will be quoted on a schedule of rates basis. We can provide estimates for onsite hours. Mobilization and demobilization costs will be dependent on the factors at the time of service requirement and subject to any Government restrictions that might be in place at the time of service requirement
- Due to the criticality of the Endress+Hauser production centers to our global operations – all witnessed factory acceptance testing will be cancelled until further notice. No non-essential staff is allowed into our production facilities (including Endress+Hauser’s own non-production employees).
- Where possible, Endress+Hauser will utilise video technology, like Facetime, WhatsApp, while we also fast-track our new visual support application “SiteCall”.

## 2 Measures

Endress+Hauser in Australia and globally has placed several measures in place to try and limit the affect of this global pandemic on our customers.

### 2.1 Production Stock

- Endress+Hauser has material stock in the production centers to secure production quantities for the coming weeks
- The production facilities have also expanded safety stock of critical components for ongoing production

### 2.2 Service

- Our Service personnel have been issued with additional PPE
- Endress+Hauser has put our Service personnel through briefings on social distancing to ensure that the importance of this issue is understood. Similarly, it is an expectation that in the case of emergency on-site support from our Service engineers, the need for social distancing will also be enforced and support by our customers on site.
- Where possible, we propose to utilise video capabilities to provide remote assistance to limit the chances of social transmission of COVID-19.

### 2.3 General Measures

- We have limited travel to essential journeys where it is permitted (e.g. urgent customer service activities)
- We have canceled all major meetings and events until further notice
- We have taken extensive organizational measures at our sites to ensure a high level of hygiene and to maintain enough distance between employees

- Most of our Staff are now working from home
- Endress+Hauser maintains an extensive IT infrastructure supported and designed by our internal organization – InfoServe. This infrastructure allows all customer facing Employees full access to our Business Systems remotely allowing us to maintain contact and respond to enquiries, even as local quarantines are enacted.