

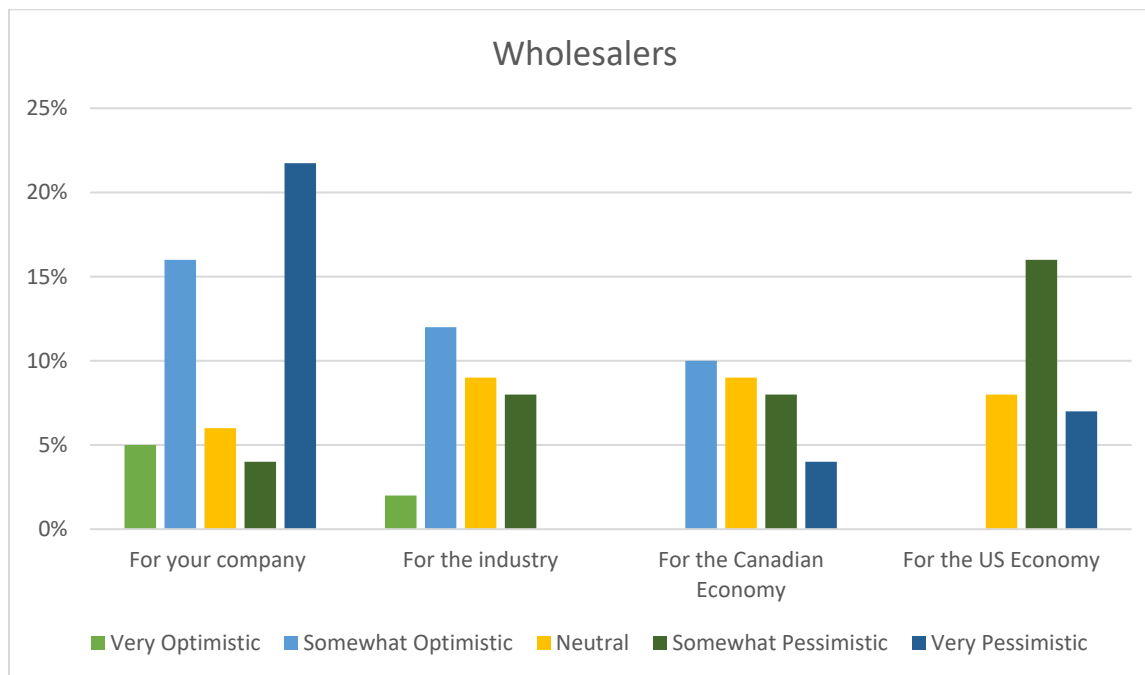


**Members' Predictions and
Forecast for 2020 for the next
5 months**

1. Please indicate your membership type:

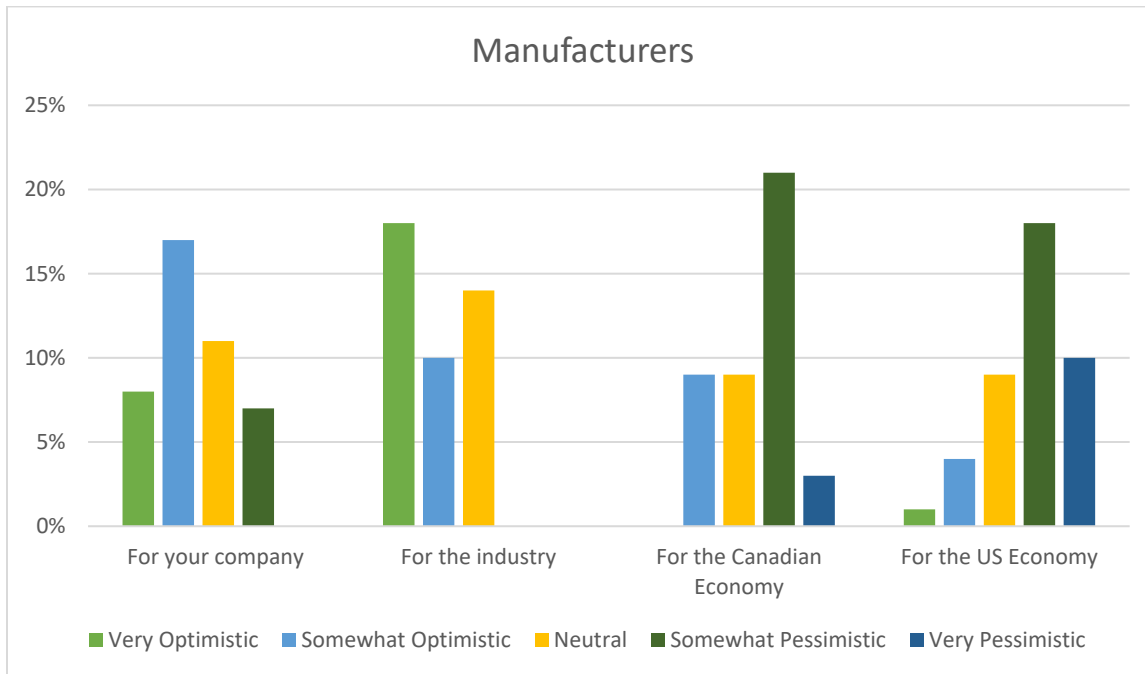
1. Wholesaler Distributor – 40%
2. Manufacturer – 40%
3. Master Distributor – 7%
4. Agent – 14%

2. How Optimistic or Pessimistic are you about overall economic growth prospects for the next 5 months?



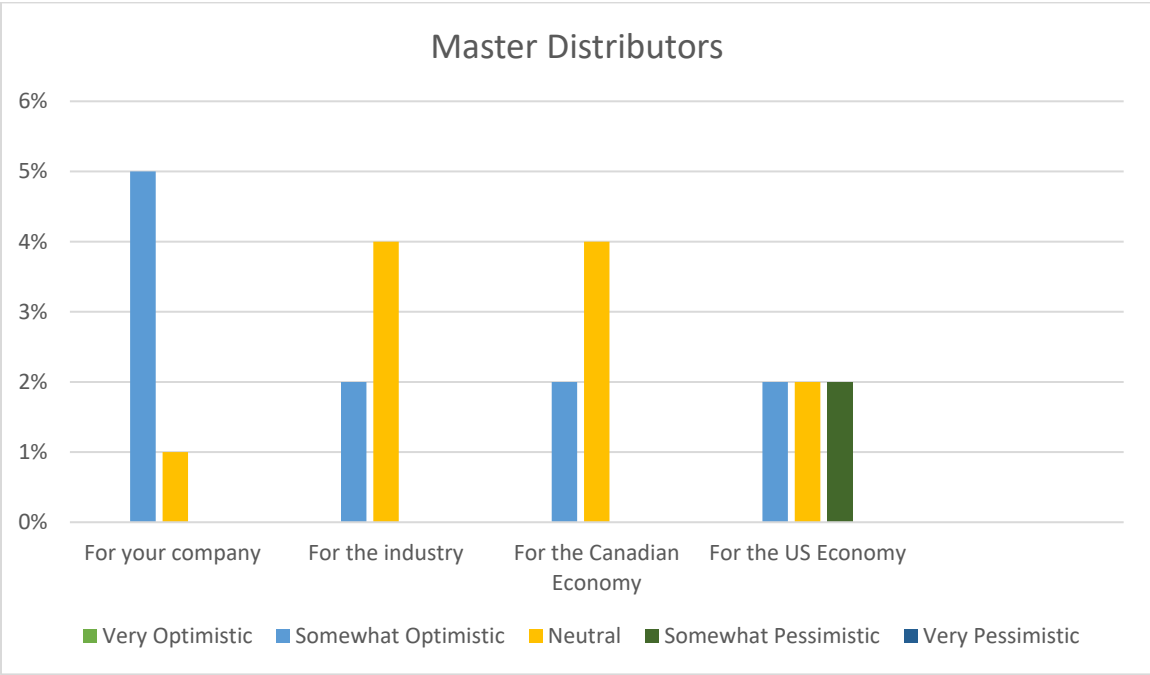
Comments

- The economy will react or be forced to react by any form of incoming "2nd wave" of the ongoing pandemic virus.
- Barring a second wave of covid-19, pent up demand for goods should carry through to the end of the year.



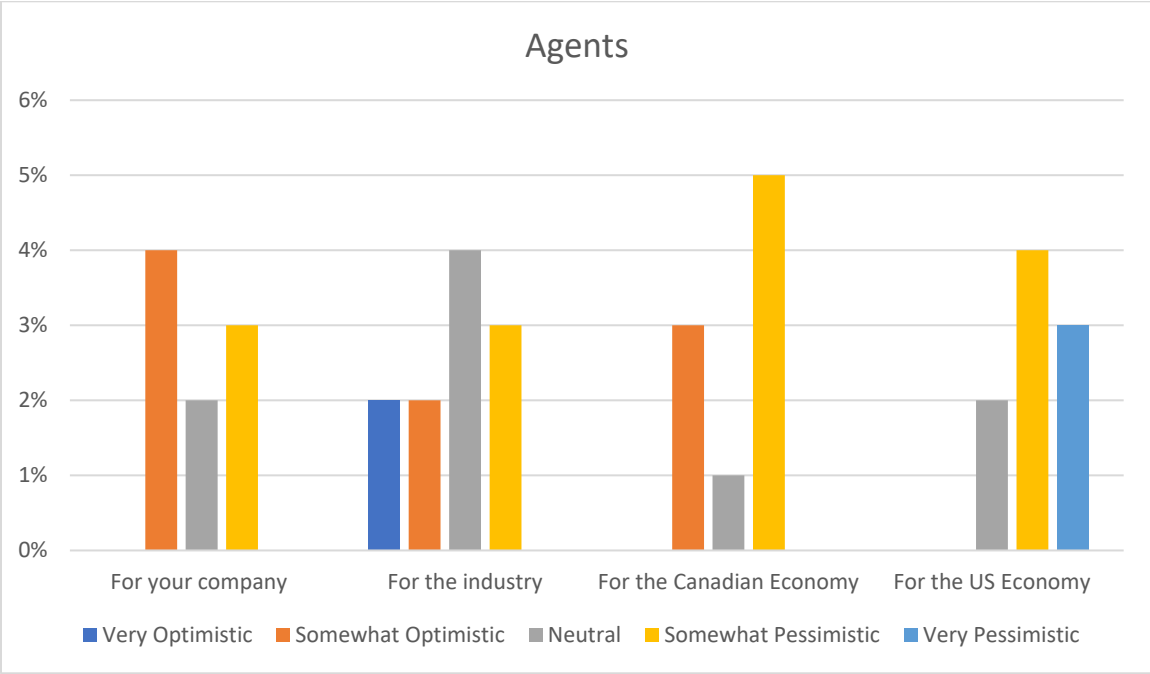
Comments

- I fear Canada has not yet seen the impacts of COVID as the US has and am concerned its going to catch up soon.
- I believe Canada is doing all the correct things to have a good economy. Will spend on roads and highways, hospitals etc. The USA is hard to predict.
- Our sector will remain string based on stated projects and ongoing work in the three large regions in Canada: Ontario, BC, and Quebec.
- They are not going to stop. Their intent to use this virus to make changes that will not be good for the economy.
- I believe recession is on the horizon.
- We feel we are currently supplying some pent up demand. At best Q3, 2020 will likely be 5% to 10% behind the PY. Bigger question is Q4 will we continue to supply some of the pent up demand and what about COVID wave 2.
- I think the economy will drag for the balance of 2020 and into 2021. A second wave is imminent and will require another lockdown and negatively effect the economy.
- Been strong for the last two months but fear a lull will hit us within 2 to 4 months



Comments

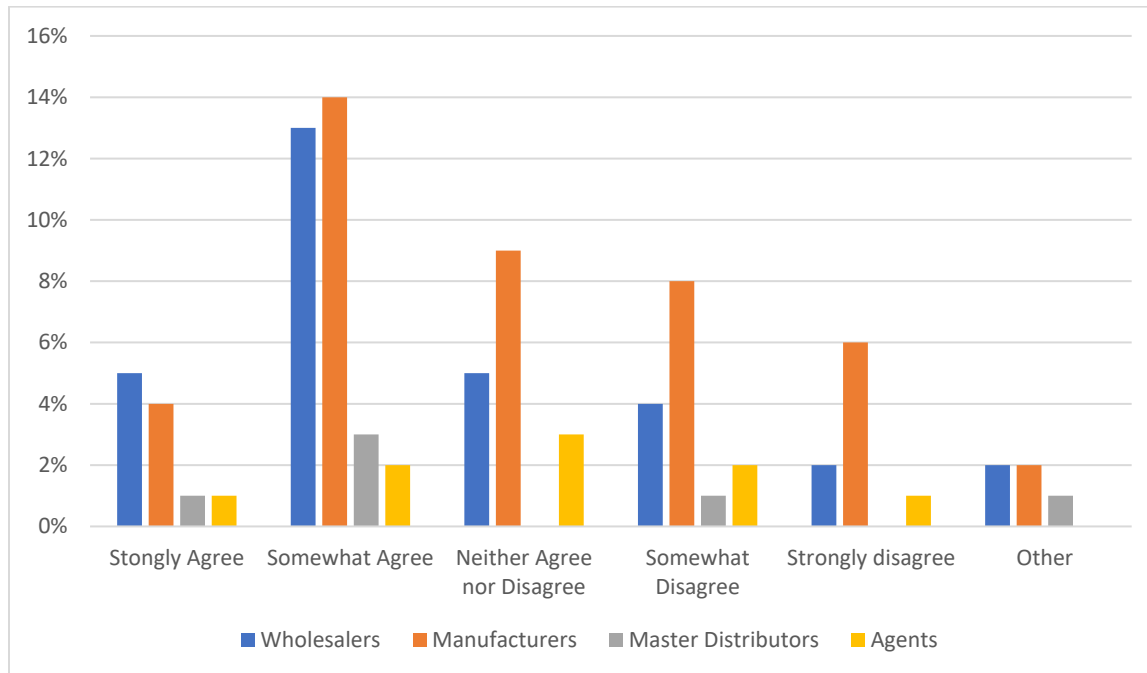
- It can only get better. Hopefully we can get to a Pre Covid point and grow from there.



Comments

- The Canadian Economy recovery will be slowed or delayed because of the Covid outbreaks in the US.

3. End of year predictions 2020 will bring an upward trend for my business:



Other

Wholesalers:

- Flat or slight increase;
- Expect flat.

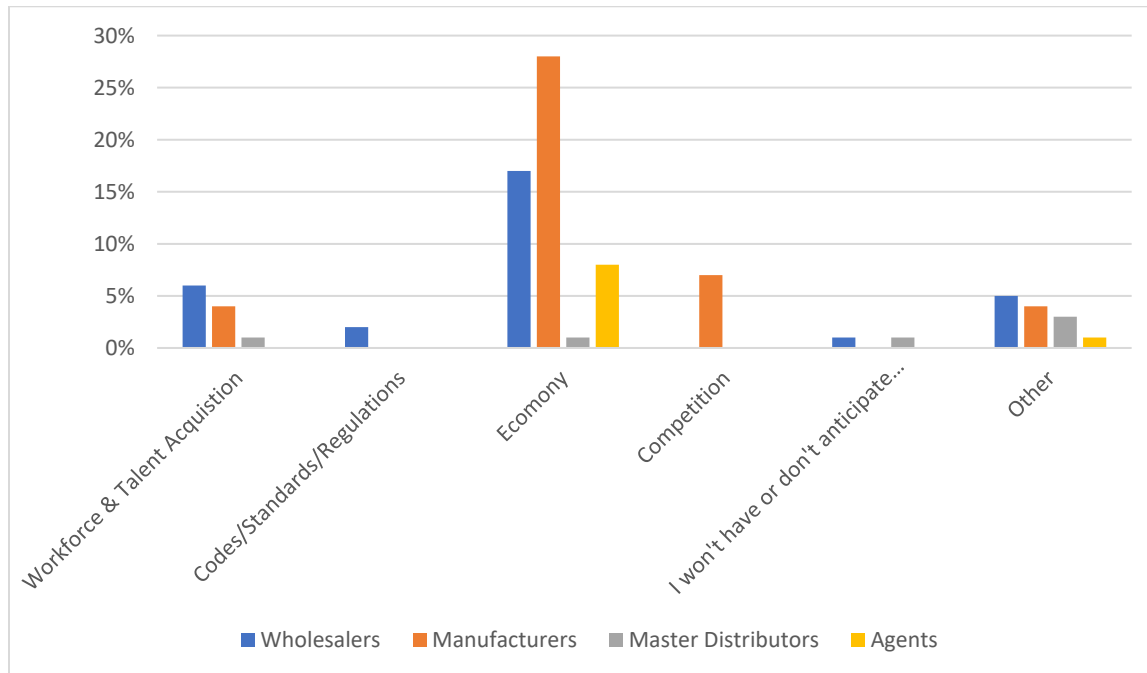
Manufacturers:

- No, Energy Markets are devastated;
- I am more worried about 2021.

Master Distributors:

- Not Sure?? Depends on USA health rebound and USA election.

4. What is the biggest challenge your business will face by the end of 2020 and into 2021?



Other

Wholesalers:

- Managing believe systems vs systemic process;
- Securing projects;
- Obtaining products to sell;
- Pipeline of work emptying, and not being replenished for a long period of time;
- Try to meet contractors' expectations, everyone is rushed to catch up for delayed projects.

Manufacturers:

- Covid, it's not going away anytime soon;
- Covid-19; US Election, Impacts on Economy;
- Resurge of COVID could change all forecasts;
- 2nd wave of Covid.

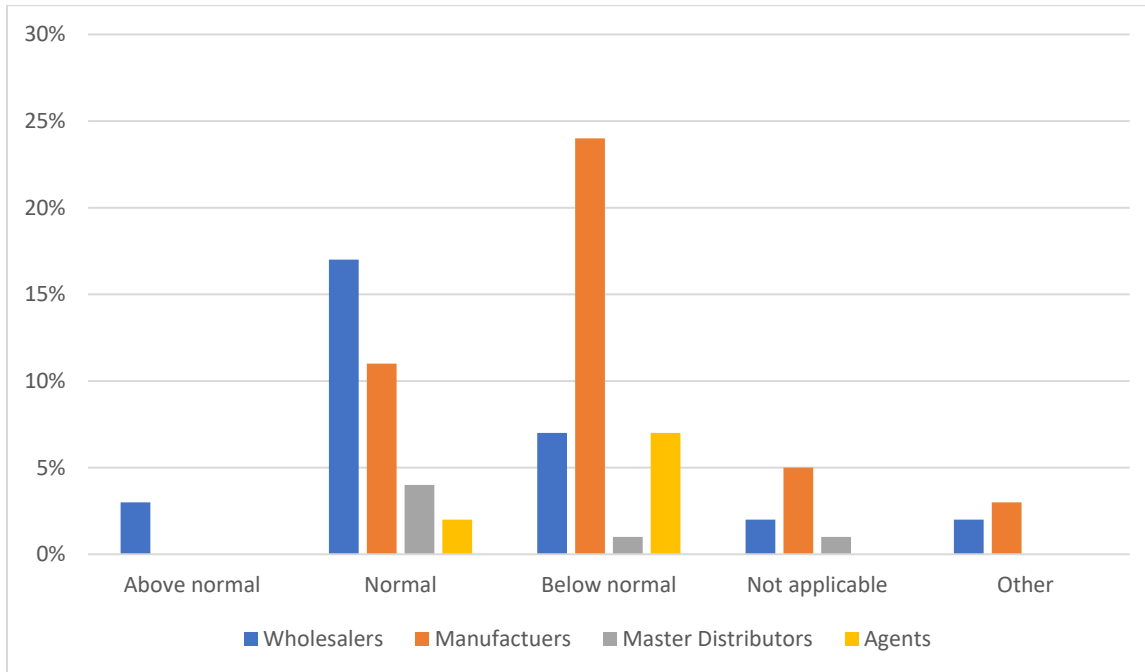
Master Distributors:

- The biggest challenge will be the "new Normal" or whatever that is.
- COVID-19 (2)

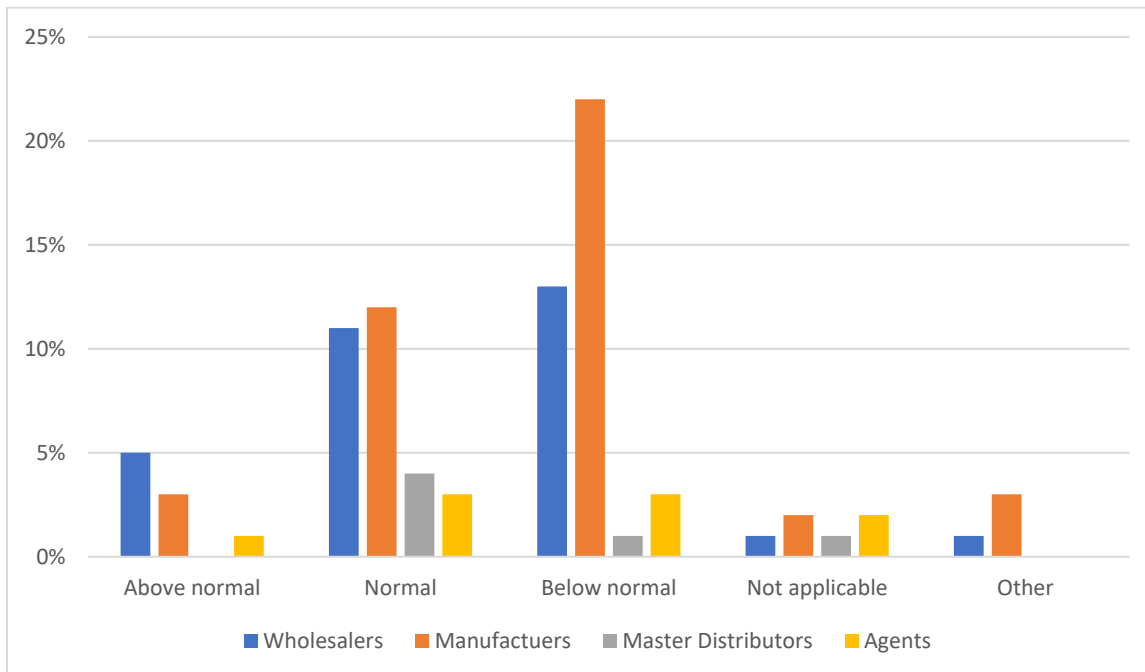
Agents:

- Second wave of COVID 19.

5. How has the Residential new construction segment been faring?



6. How has the Commercial new construction segment been faring?



7. How is COVID affecting your ability to supply product?

Wholesalers:

- Slight delays in normal delivery times;
- Yes, we are getting more delays in getting products from suppliers and we are struggling finding people to come at work.
- Manufacturer Delays;
- Hasn't. We have lots of stock;
- Thus far it has had little effect on the supply chain;
- Lots of product from China unavailable;
- Longer lead times from vendors, especially those based in the U.S.;
- We are seeing some shortages from imported items and courier companies seem to have a hard time keeping up.
- Delays at vendor level in producing or shipping has lead to increased lead times, coupled with less notice from customers has caused some disruption to supply chain.
- Manufacturers have fallen behind in a drastic way in supplying products, especially in the HVAC segment.
- Starting to become evident with extended lead times and delivery delays.
- Yes. Because of the 3 month shut down things are getting harder to acquire.
- Extended lead times due to factory closures.
- Longer lead times.
- We are fine on the supply side with very few disruptions of any consequence. So far, so good.
- Lead time to get products extended. Difficult to get manpower in warehouses and branches.
- Challenging to keep up to the demand at times;
- So far not much effect, we are starting to see some delays in getting materials.
- Some limitations for sourcing material;
- A lot of products are unavailable;

Manufacturers:

- We're having some delays from suppliers;
- Vendor delays;
- Yes, some manufacturers are having delivery issues, due to staffing and product shortages;
- We have our challenges as a global company. In most categories were good but still some holes as some areas are still catching up from early shutdowns.
- Supply chain issues;
- We have good supply;
- We will continue to be affected as the virus goes through spikes/ new waves and government is forced to shut down or restrict the movement of people. Unpredictable. Wear a mask.
- No problem with making product, just making it fast enough as we cannot get enough workers!
- Because of the physical distancing. We have had to re-do our employees spacing in production lines which adds an increase on production times as well as shipping companies taking longer to get product to destinations. This results in approx. increase of 1.5 week lead times on some products.
- Limitations due to Covid are slowing the pace of transactions (3)

- Some supply disruptions;
- Biggest issue is getting people to work. The incentives to stay home are too attractive and people don't want to work.
- It is making things difficult. Split shifts, distancing and mask are a challenge. Supply chain has many new challenges and is slowing.
- Very little (only products sourced from Italy had slight delay);
- Longer lead times;
- A little bit due to smaller production staff;
- COVID has added time to our manufacturing and delivering of our products as safety procedure are implemented.
- More demand than supply.... Also, labor has been a challenge given the nice weather and Justin's \$2000/Mth CERB.
- No impact, alternative suppliers secured early on;
- Normally ok, but not as stable;
- No challenges yet. We have been fortunate to secure additional suppliers of our various parts requirements.
- Unpredictable up and down swings in demand have made it difficult to forecast, resulting in our manufacturing not being able to maintain a consistent output.
- It has been constrained by our parent company who took precautions such as workshare programs to avoid total shutdown due to COVID 19 exposure.
- Our lead times have risen a bit;
- Some delays from countries with high level of COVID-19, Asia and Middle East
- Maintaining consistent staffing levels has been a challenge, absenteeism caused by Covid related issues, not confirmed cases, instead child daycare and anxiety over fear of virus contraction have been the main cause of missed days at work.

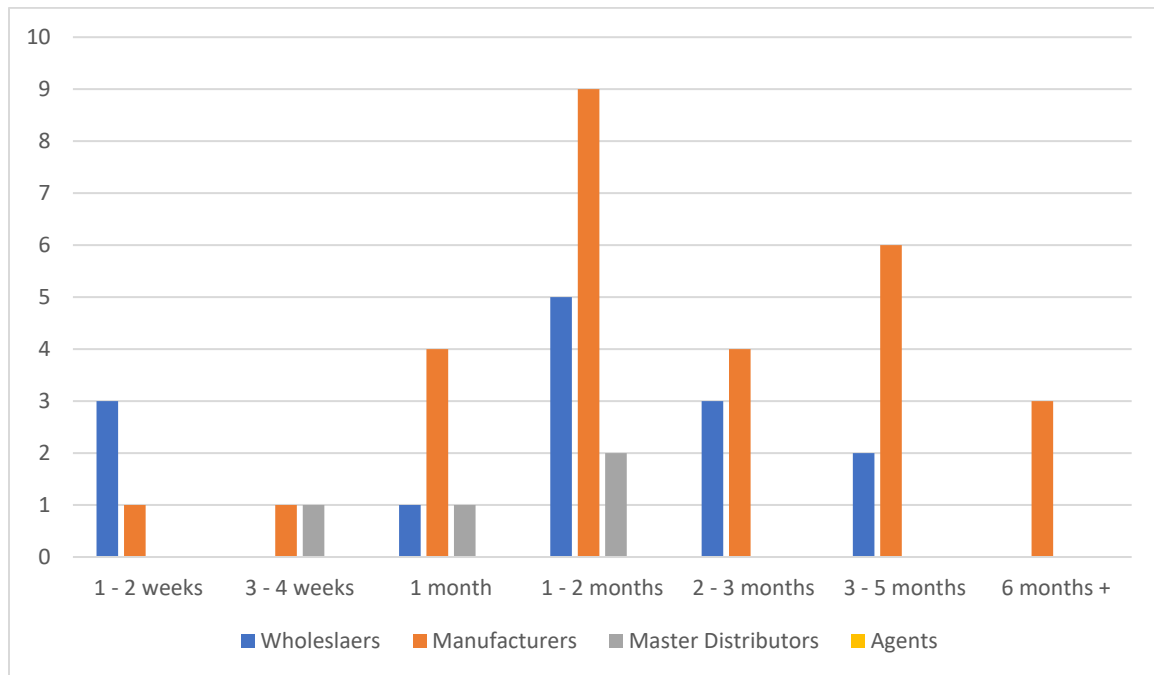
Master Distributors

- Not at all (2)
- A little bit. We are playing 'Catch up"
- Still some slight delays.

Agents:

- Manufacturing in down, as a result supply has slowed. Deliveries use to be 3 - 4 week now it is 6 - 8 weeks. Many products being discontinued.
- Supply issues from manufactures
- US factories struggling to keep veteran personnel
- US suppliers are behind on shipping
- Manufacturing has beefed up, deliveries are almost back to regular schedule.
- COVID has made it difficult for Manufacturers to keep pace with current demand. Many plants had to be shut down for weeks, months and many more are experiencing labor shortages causing them to constantly re-jig production schedules.
- Lead times from manufacturers have increased

8. If you are experiencing inventory delays how long is the average expected delay?



Other:

Wholesalers:

- Varies by manufacturer;
- No delays on our products. (2)

Manufacturers:

- No inventory issues; (6)
- In some cases it has been more than 2 months.

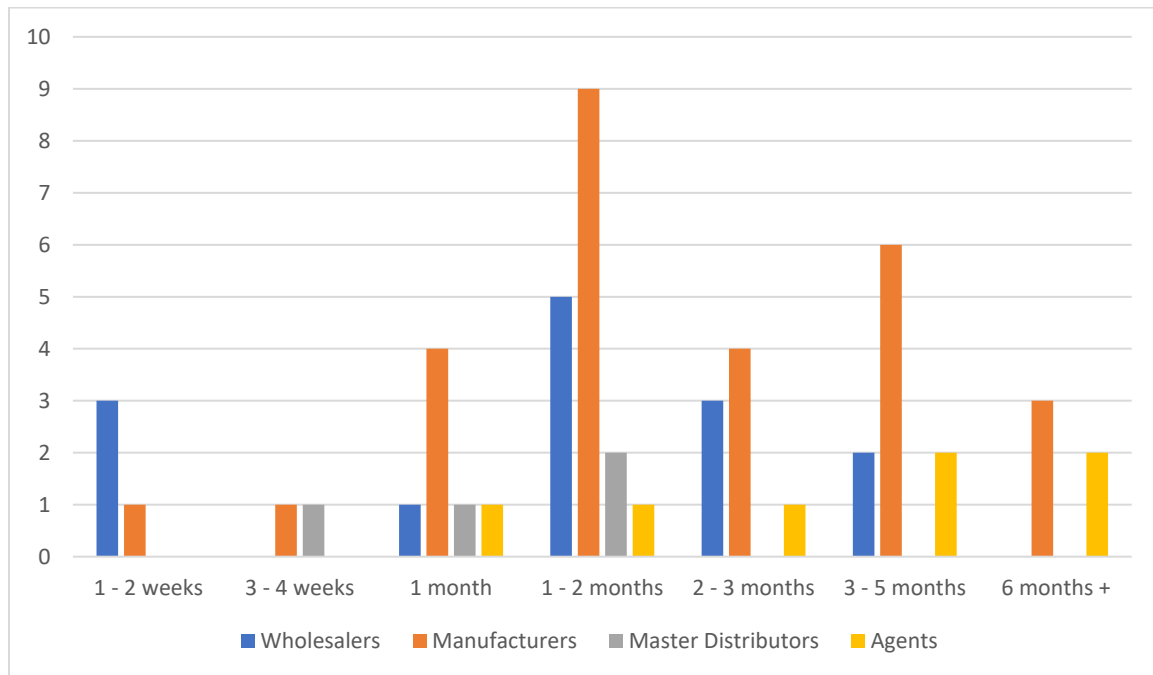
Master Distributors

- Not for now;
- Varies - some on time and some out as far as 3 months.

Agents:

- Varies....3-4 weeks;
- Depends on the product, but anywhere from one month to more than two months in some cases.

9. How much of a backlog do you feel has been created by the several months of reduced construction activity? (Specify by weeks or months)



Wholesalers:

- Compared with normal, I say there is an additional month of backlog, perhaps more in Quebec, as much as 6 weeks to 2 months remain.
- Depends construction is still occurring but many projects have been completely postponed at this time.
- I don't feel there will be one. With the jobless rate and the economy basically in the toilet there is low demand for construction of any kind although a lot of people have taken the Covid down time to do their own renovations since they have time.
- Most of our backlogs have been created by vendor shutdowns.
- Several weeks;
- None.

Manufacturers

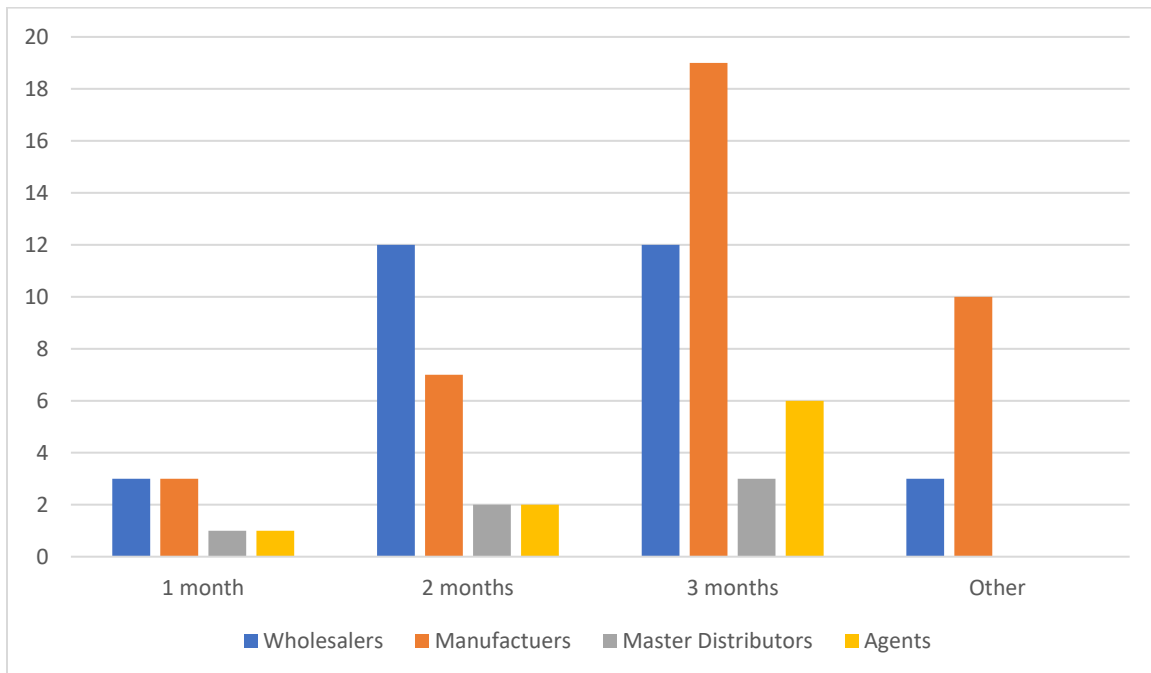
- Usual back-log;
- The actual building part seems to be on track, but the awarding of new contracts is taking a long time.
- Backlog of several months, in other words if you look at the several months of reduced construction as 5 months, then the backlog would be 5 months.
- Two months work and projects are ongoing just drawing out often due to labour shortages depending on the region.
- In about 3 weeks the original backlog was cleared, but its tough to get ahead of the curve, We are backordering some products by 2 weeks. Not all. We definitely saw an upward spike when things opened back up. US stronger than Canada.
- 25% for commercial;
- Believe the bulk has been caught up in June;
- I feel there is about 3 months of backlog in real work, and likely a few more months of projects that have not yet been publicized;
- Upwards of 3 months.

- Delays or pushed out to 2021 on some commercial projects, depending on region, 5-10%.

Agents

- Majority
- 8-16 weeks on current projects 4-8 months on new residential construction.
- Hopefully there is a significant backlog that will help to kickstart the residential market and new commercial project starts.

10. How far do you see work scheduled for 2020 being pushed into 2021?



Other

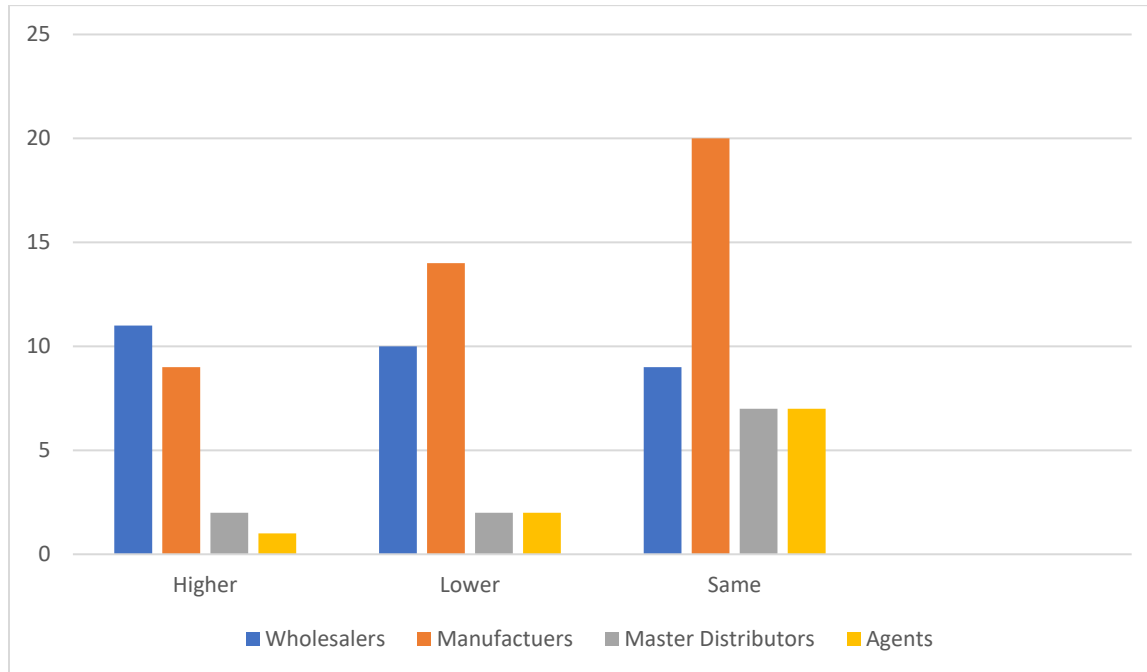
Wholesalers:

- 3-6 months or more;
- 6 plus;

Manufacturers:

- Alberta are still cutting jobs;
- End of Q1 into Q2;
- Some being pushed back into 2022;
- Due to permit processing, trade talent availability;
- Uncertain; (2)
- 3 to 6 months. Will depend on how harsh the winter is.
- The 2021 start time of the backlogged 2020 business will depend on the weather, a late start could push some of this work into the summer.
- We see reduced volume through the finish of the year and at this point we don't know how far this will go into 2021.
- None.

11. What is your inventory situation?



Comments

Wholesalers:

- We stocked up in the event of product supply shortages.
- Need to compensate for inconsistent lead times from vendors.
- Decreased sales has resulted in less turns and higher inventory.

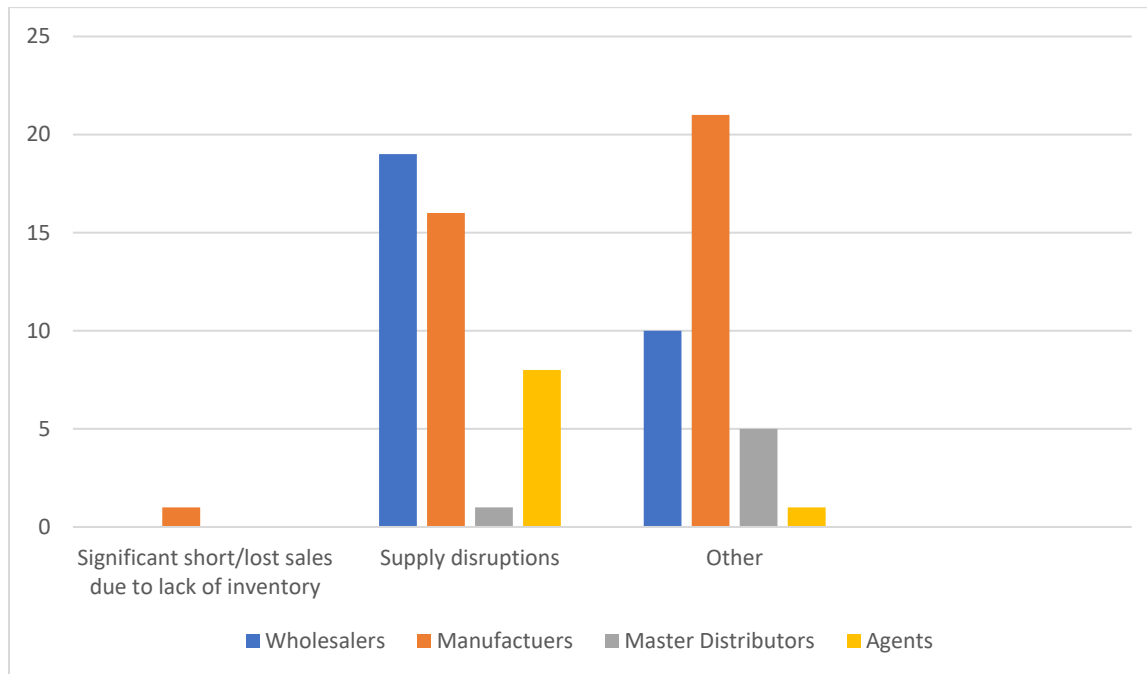
Manufacturers:

- But holding strong vs the market demand;
- Preparing for the uncertainty in which fall will bring to US manufacturing.
- Due to supply chain and production issues;
- Demand is higher than what we are safely able to produce...but we are catching up.
- We stocked up to ensure product availability, and there has been a slight slowdown of product movement.
- We are increasing our inventory in anticipation of more shutdowns in the US due to a large rebound.

Master Distributors:

- Focus has been prior to COVID to increase turns and have better inventory.

12. Are you able to properly service your customers?



Other

Wholesalers:

- Yes (7)
- Lots of stock. Best sales in years.
- We have had minimal service disruptions throughout.

Manufacturers:

- Yes (12)
- Mfg workforce shortages
- We have inventory, we can supply as per normal.
- We can support our customers
- For the most part, yes. Some small inventory issues
- No major supply impacts
- Biggest issue is we can't get laborers for production and manufacturing.
- Small disruptions/ longer lead time on certain items only
- Lead time for special orders have increased by a week. Other than that service has been normal
- We are communicating our new timelines and asking them to adjust order patterns from usual to unusual.

Master Distributors:

- Minimal supply disruptions
- No issues, fill rates are excellent
- Fill rates are lower in some product classes - some of this due to increased volumes and some vendor delays
- We have had no service disruptions.

Agents:

- No, less supply, production is down, and getting support from Manufactures difficult due to staffing issues.

13. What information do you need to help better forecast inventory levels for the next five months?

- Being a manufacturer - we can (if necessary) adjust our production daily - which we haven't & are not forecasting that we will.
- More projects;
- To know the Prime minister is going to be replaced by someone with a brain and that knows money doesn't magically grow at the bank of Canada.
- USA election results;
- The CIPH has excellent information and anything tied to Energy or Infrastructure and Commercial/Industrial construction would be beneficial.
- Manufacturer Lead Time Data;
- I think this is more crystal ball than any other time in history .. forecasting right now is not even an educated guess;
- job forecasting from our customers;
- We have the info we need;
- Forecasting and communication with customers is very important this year. Need to stay engaged so no surprises and manage expectations accordingly.
- Hard to forecast as long and our mechanical and plumbers are getting proper dates for jobs big or small we should be able to maintain the levels needed to support.
- Info on any large projects put on hold would be valued;
- A vaccine;
- Wholesale to provide accurate forecast for the nest 3 months.
- Still some uncertainty as to what will happen if there is a second wave. Will we have to shut down again?
- As things are changing almost daily it is difficult to forecast needs.
- I don't believe any of us is capable of forecasting what can be in our future currently. So inventory is staying at pre covid numbers.
- A sense of permit processing capacity and back log;
- Accurate forecasts are challenged, especially with fears of 2nd and potentially 3rd wave of Covid;
- I leave that to the manufacturers;
- Our own historical information and input from CIPH;
- I definitely would like to see the response to this survey from the wholesalers
- Pinpoint percentage of new commercial construction that has been delayed into Q1 2021;
- Accurate/revised housing starts based on Covid19;
- Economic indicators and street feeling from our customer base.
- More accurate lead times from manufacturers;
- A full Canadian economic forecast, accurate Distributor POS data by category and DOI (Days of Inventory trend);
- Backlog information from manufacturers and master distributors.
- Holdups in supply.
- Well a good crystal ball would be nice to have. We really have to plan for the best and worse cases. The big unknown here is how COVID will behave come fall.

- A lot of planning and anticipation, close project coordination with clients and suppliers. Perhaps adding some buffer inventory on high moving high demand items.
- Sales reps need to be able to visit/talk to wholesalers again;
- Team is staying in front of customers. Also having daily meetings evaluating inventory and reacting by air shipments etc. to ensure fill rates stay up.
- Lead time changes, potential production disruption (in a timely manner)
- There is still a great uncertainty on the demand side
- A way of reviewing intentions of developers?
- A crystal ball and/or a time machine. Forecasting has gotten exceptionally challenging. It's difficult when the economy is stable and nearly impossible to predict under current situation;
- Segment research data - what is their plan for the rest of the year? A crystal ball will help with the COVID fight.
- Factual construction permit numbers by region. Contractor feedback on work booked for completion in 2020.
- More feedback from our distributors and contractors as to what they are seeing in the marketplace;
- Better coordination of monthly reporting by various construction industry groups cooperating and sharing their stats.
- Knowledge of GDP over that time period;
- A crystal ball to predict the Covid rebound's sustainability;
- Very difficult to get forecasts, we base ourselves on past history and booked jobs.
- Not sure;
- Pipeline sales forces;
- Regional industry growth rates;
- Better crystal ball, this is a unique situation we are in, we are reducing our planned inventory levels in light of reduced revenue from our customers;
- Permit issuing challenges. Timing of product requirements.

14. Additional Comments:

- 2020 can't end soon enough.
- I think that supply shortages and production issues will plague us for all of 2020. Wholesales need to be open become more flexible when it come to buy from different suppliers. The need to meet with there reps and find out exactly what product they can supply in a pinch. Sole source product from you favorite supplier will not work any more.
- At this time like everyone else we are waiting to see if the other shoe is going to drop. Very hard to forecast with this hanging over everyone.
- We are planning revenue levels of about 92% of prior year through the balance of 2020. This is predicated on no major shutdowns related to flare ups of COVID.
- The most fluid year in my 25+ year career in this industry. All can change at any given moment in Canada depending on what governments (all levels) decide. Uncertain future seems to be the theme through any organization - but there is cautious optimism.
- The last two months have been very strong for us almost negating the Covid dip in April and May.
- Accurate pipeline CRM.