



## Novel Coronavirus (COVID-19)

# Weekly update to our Customers and our Sales Team

March 31, 2020

There is nothing more important to all of us at Medline than the well-being of healthcare, our team members and the ability of our customers to care for their patients. As we face the growing surge of COVID-19 cases together, we know this week is going to be an uphill climb for us all. Across the country, we are seeing supply demand increase exponentially higher than normal volumes, and we have ramped up manufacturing and sourcing from our suppliers to do everything we can to keep pace with those needs. Realistically, the next month is going to be hard, exhausting and frustrating, and I personally want you to know we commit to doing everything we can to help get us through this.

The supply chain continues to lag on the PPE volumes you need. Until the supply chain and demand can come back into balance, we are maintaining allocations on many product categories to be able to ensure healthcare providers have needed supplies through the pandemic.

### Below is the current status on Medline supply chain and operations:

- Demand continues to grow, with overall demand at 300% higher than traditional manufacturing volumes. **In COVID-19 hot spots, this demand is exponentially higher than normal global production and distribution.** Please know we are doing everything we can to increase supply chain speed and volume.
- **For the facemasks**, we've successfully air freighted in over 10 million masks to reduce the time from manufacturing to your dock. Additionally, we have ramped-up global production capacity for masks to have 57 million masks manufactured in April. We also have worked with U.S. Customs & Border Patrol to minimize the inspection time in customs.
  - **Airfreighting** improves manufacturing-to-dock time by about 3-4 weeks per shipment.
  - Facemasks, gloves and gowns are the primary PPE we are accelerating with this shipping method.
- For PPE (isolation gowns, head/foot wear, coveralls, etc.), factories in China have opened, however the production ramp-up is very slow. We anticipate supply chain disruptions. To help mitigate the disruptions, we have increased the production capacity at the factories in Southeast Asia.
- We are seeing constriction in **exam glove** manufacturing due to a Movement Control Order to limit the spread of COVID-19 in Malaysia. After intervention with that government, **factories have been able to operate at 50% manpower.** It's unclear at this point how long that may be in place and how volumes may be impacted.
- We remain fully operational as a **Critical Infrastructure Industry**, even in states that have issued "Stay At Home" orders.
- All of our 1,000+ trucks are running in full operation and maximizing delivery capabilities.



## Innovating to Bolster N95 Supplies

As many of you know, we don't manufacture N95 masks, we source these from China and other suppliers. To improve supply chain where we can, we are testing an innovative process to collect and decontaminate N95 respirators and other facemasks. We are close to receiving FDA emergency use approval for this process. Our current mask reprocess capacity is approximately 100,000 N95s per day, and we are looking to expand this initiative as quickly as possible after we have FDA approval.

## Working across Governments and Industry

On Sunday, Medline's Chief Executive Officer Charlie Mills met with President Trump and his administration alongside other supply chain industry leaders to discuss ways to improve the supply chain bottleneck. At that meeting we committed to increasing domestic supply of masks and N95 respirators through reprocessing and also asked for assistance in ensuring free and speedy movement of product out of Southeast Asia. We also are contributing to national PPE distribution efforts in pandemic hot spots as part of FEMA's Project Airbridge.

We have been having daily conversations with a multitude of government agencies at the state and national levels to help them manage through the crisis. Some of the federal agencies we've been working with and providing guidance include:

- Centers for Disease Control & Protection
- Customs & Border Patrol
- Department of Homeland Security
- Federal Emergency Management Agency
- Health & Human Services

The impacted product categories are being directed to our existing customers and to the hot spots areas across all classes of trade. When we began working with you, we made a promise to be more than a vendor. We take our role as a strategic partner to heart. Though right now everyone is focused on the actual vendor role Medline plays in healthcare, I can assure you that everything we are doing now is with an eye to positioning you for better care now and in the future. April is not going to be easy, we are working to overcome all challenges and road blocks to building up inventory and continue delivering you what you need.

**Allocations on many categories continue, and some new allocations have been put in place this week** to safeguard inventory and lengthen the supply chain and ensure ongoing availability.

### **This includes, but is not limited, to:**

- Face masks – Surgical and Isolation
- PPE – Isolation Gowns and Coveralls
- Surgical Drapes and Gowns
- Standard and Custom Packs
- Hand Sanitizer
- Exam Gloves



Our team members continue to work around the clock to support your needs and mitigate supply interruptions.

Our promise to you is frequent, transparent communication of the current status of the product availability. If you have any questions on either how we are managing the supply chain or how we are working with our own employees at this time, please feel free to reach out. I'm happy to speak with you on any important matter, and most especially this one.

Thanks,



**Jim Boyle**

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