

US TILE COLLABORATIVE

*Transforming the US
Ceramic Tile Market*



Q4-2023 UPDATE

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Dear US Tile Collaborative Partners,

We are thrilled to bring you the latest developments from our ongoing efforts to bolster the ceramic tile manufacturing sector in the United States. As previously discussed during our Spring 2023 presentations, we have made significant strides in collaborating with key stakeholders to pave the way for a prosperous future.

Our engagement with the State of Tennessee Economic Development, Tennessee Workforce Development, TCAT - Tennessee College of Applied Science, TCNA - Tile Council of North America, and multiple Tennessee-based tile manufacturing companies marks a monumental step forward. Our collective focus centers on cultivating a pool of skilled labor at various levels within tile plant operations.

The groundwork has been laid, and this coordinated approach signifies a pivotal starting point for the Tennessee Tile Valley manufacturing community. The collaboration among these diverse resources holds immense potential for delivering robust labor opportunities to our industry.

Furthermore, we're excited to share that we're extending our efforts to academia. In conjunction with Tennessee Tech in Cookeville, Tennessee, we're exploring the possibility of introducing a specialized curriculum within their existing Engineering programs. This unique curriculum would cater to the specific needs of the ceramic tile segment, covering advanced manufacturing, materials research, chemistry, and computer science. This marks a groundbreaking initiative, fostering collaboration between the State of Tennessee, the US tile industry, and higher education to supply top-tier resources for the Tennessee Tile Valley.

On another note, we're pleased to announce a promising partnership with TCAT - Tennessee College of Applied Technology. Our discussions with NTCA - National Tile Contractors Association, Tennessee Economic Development,

Tennessee Workforce Development, and TCAT Board of Regents are underway to devise a comprehensive curriculum for training ceramic tile installers. This initiative envisions leveraging TCAT's 24 locations across Tennessee to equip the future workforce with the skills necessary for impeccable tile installations.

It's crucial to underscore the remarkable commitment of the State of Tennessee, under the leadership of Governor Bill Lee. With an investment of USD \$1 Billion earmarked for the TCAT model's growth, Tennessee is resolutely dedicated to nurturing technically skilled labor that will in turn support companies eager to invest in the state.

Our dedication to propelling these initiatives forward remains steadfast. As the US Tile Collaborative, our goal is nothing short of advancing US Ceramic Tile Manufacturing through increased facility investments in the State of Tennessee. We'll continue to lead, support, and keep you updated on the progress of these transformative endeavors.

Thank you for your unwavering support and dedication to shaping the future of our industry.

Best Regards,



MICHAEL KEPHART
PRESIDENT
Kephart Group, Inc.



BRENT EDWARDS
VICE PRESIDENT OF
BUSINESS DEVELOPMENT
T.W. Frierson Contractor, Inc.

WHAT WE'RE READING

NATURAL GAS

5X prices remain 5X more expensive in EU (\$10.35/MBTU) than in the US (\$2.18/MBTU)

Since 1980, natural gas prices have typically been higher in EU than in the US and are expected to remain so for the coming years. This is due to the US being a significantly larger natural gas producer than EU.

ELECTRIC COST, \$/KWH

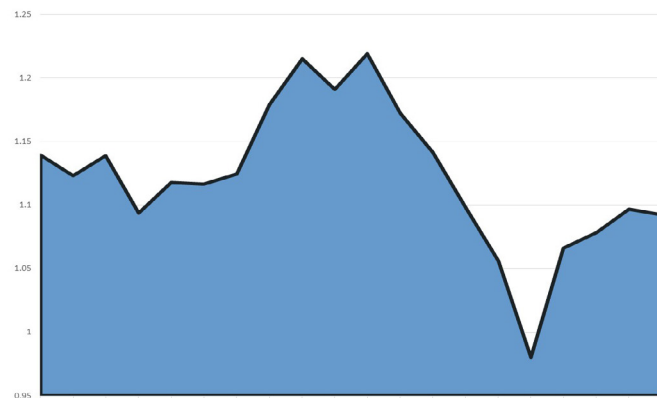
Electricity prices have risen slightly in 2 quarters, and remain about 2X more expensive in the EU than in the US.



CURRENCY

Euro to US Dollar

1.1011 ↓ **3.58%** - **0.0409 5Y**



US HOUSING UPDATE

JULY 2023 NAHB | EYE ON HOUSING

Low existing inventory that is keeping demand solid for new homes helped to push builder confidence up in July even as the industry continues to grapple with rising mortgage rates, elevated construction costs and limited lot availability.



GOV. LEE, COMMISSIONER MCWHORTER MAKE FIRST ECONOMIC DEVELOPMENT TRIP TO EUROPE

Gov. Lee visited with Italian based porcelain tile manufacturers that currently operate in the Volunteer State:

- Iris Ceramica Group (Stonepeak)
- Gruppo Concorde (Landmark)



TENNESSEE HITS HIGH MARK IN CNBC BUSINESS RANKING

The Volunteer State has jumped three spots since 2022. The rankings gave high marks to Tennessee's infrastructure, tax rates and economy. The state's growing pool of educated workers also gave it a boost.



COSENTINO ANNOUNCES THE CONSTRUCTION OF ITS FIRST US MANUFACTURING SITE

In a move to better support its fast-growing North American market, Spain's Cosentino Group, maker of innovative surface materials for architecture and building design, announced today it would build a new manufacturing facility in Florida. The new production site represents Cosentino's first in the U.S., and only its second one outside of Spain.



Moderno Porcelain Works leads the forefront of architectural innovation through their exquisite fabrication and installation of large-format gauged porcelain slabs, seamlessly blending aesthetics and functionality. Renowned for their precision craftsmanship, their creations breathe life into interior and exterior designs. The inauguration of their Nashville showroom marks a new chapter, inspiring creative minds to explore the boundless possibilities of design. With plans to establish 60 locations in just six years, Moderno Porcelain Works is poised to redefine spatial artistry on a national scale.