



# The cost of masonry cleaning chemicals has been on the rise – here’s why:

Have you been wondering why the cost of cleaning chemicals has been on the rise recently? Or, why there is a supply issue at times? The simple answer may surprise you. In the grand scheme of raw materials hierarchy, cleaning product manufacturers are not considered all that important to the industry.

The price of Hydrochloric Acid (HCl), one of the most used raw materials in masonry detergents has been steadily increasing over time. In fact, over the past 18 months, there has been a steady increase of over 400%... Even though we held our prices steady for 12 years, we have been feeling this increase for some time. However, we are not the only industry that uses HCl. The number one industry for HCl is Oil and Gas. The O&G industry year-over-year has seen an increase of 83% in demand and are willing and able to pay the highest prices for HCl.

One of our vendors provided us with a “report” to explain why the Supply, Demand, and Pricing for HCl has been so volatile lately. In it they state that supply issues are due to low U.S. inventories, suppliers having internal controls in place, and delivery problems which are preventing delivery in a timely fashion. Other supply issues come from different industries requiring chlorine gas for their manufacturing process, such as PVC, epoxy, and chloroform. Since chlorine gas is a major component of HCl, a higher demand for the chlorine has impacted the availability and cost of HCl. This coupled with increasing demand in the O&G and steel industries have left companies like us feeling the sting of higher HCl rates.

This is not saying that the cost of making HCl has seen such a dramatic increase. In fact, manufacturers of HCl are seeing upwards near 2,000% increase of Operating Income year-over-year. Overall Net Income increases over 150% and Net Profit Margin over 130%! Needless-to-say, the manufacturers are doing quite well. Moreover, since the cleaning product manufacturers are on the low end of priorities to them, our industry will feel it the most.

Quarterly financials			
SEP 2021	JUN 2021	MAR 2021	DEC 2020
(USD)		Sep 2021	Y/Y
Revenue		2.34B	62.78% ↑
Net income		390.7M	153.03% ↑
Diluted EPS		2.38	150.96% ↑
Net profit margin		16.7%	132.59% ↑
Operating income		561.8M	1913.62% ↑
Net change in cash		33.3M	25.67% ↓
Cash on hand		306.1M	8.28% ↑
Cost of revenue		1.68B	28.48% ↑

Quarterly Financials from one of the largest manufacturers of HCl



This scenario has played out many times in different industries. A good customer of ours was telling us recently that he had a new garage built. The original cost for the siding was \$5,000. However, the invoice he received was for \$6,000. It was accompanied by a separate invoice for \$1,000 for a “resin surcharge”. When he questioned the surcharge, he was told to either accept it, or move over so the next guy in line can take it. Absolutely zero regard for good business practices. Imagine if you will that your chemical supplier did this to you, added \$100 for a 55-gallon drum just for a surcharge? I don’t suspect this would go over very well.

The reality is that price increases happen daily in every industry. If there’s a way to add a dime to something and not lose any business, it will happen!

Now for some good news! Increased HCl prices should not impact your bottom line – unless you’re using the wrong masonry cleaner! Our cleaning process allows you to save up to 80% in labor compared to other products. We all know that the cost of chemical is the least expensive part of cleaning new masonry. Equipment rental, insurance, and most of all labor are the costs that will keep cleaning companies up at night. With our system the majority of those costs are significantly reduced while providing an always even and clean result!

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