

RE: Recommendation | Colgate_20211203_Dental

From: Aleksandra Drazic <REDACTED - PII @coles.com.au>
To: Matthew Hankin <REDACTED - @coles.com.au>; Jack Jessiman <REDACTED - @coles.com.au>
Cc: Cost Price Increase Requests <costpriceincreaserequests@coles.com.au>
Date: Fri, 25 Feb 2022 14:27:48 +1100
Attachments: Summary amended shipping (averages).xlsx (147.25 kB); Summary amended shipping (P2P).xlsx (143.54 kB)

Hi Matt

If you assume 10% on shipping with July 21 as a baseline as per below:

Averages methodology (capped) 6% increase or \$4M in COGS leaves a gap of \$4.7M
 P2P methodology (capped) 7.5% increase or \$5m in COGS leaves a gap of \$3.8M

Aleksandra Drazic

Senior Analyst | Commercial Cost Management

L2 M10 800 Toorak Road Hawthorn East Victoria 3123 Australia

M REDACTED - PII | E REDACTED - PII @coles.com.au

coles | Good things. Great value.

From: Matthew Hankin <REDACTED - @coles.com.au>
Sent: Friday, 25 February 2022 12:39 PM
To: Aleksandra Drazic <REDACTED - PII @coles.com.au>; Jack Jessiman <REDACTED - @coles.com.au>
Cc: Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>
Subject: RE: Recommendation | Colgate_20211203_Dental

Hi Aleksandra,

If shipping container rates are three to four times original costs I would assume the cost component would now be around 10% to 15% of cost versus 0.5 to 2%.

Can the analysis be re-cut assuming 10% to 15% contribution of cost.

Container costs have effectively increased from +\$3k to +\$10k - \$12k

Regards,

Matt

From: Aleksandra Drazic <REDACTED - PII @coles.com.au>
Sent: Thursday, 24 February 2022 5:19 PM
To: Matthew Hankin <REDACTED - @coles.com.au>; Jack Jessiman <REDACTED - @coles.com.au>
Cc: Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>
Subject: RE: Recommendation | Colgate_20211203_Dental

Hi Matt

Relatively low depending on a SKU 0.5% to 2%. This is due to:

- * Shipping cost composition is based on the shipping cost at a baseline price (when the last cost price change occurred), if its based on today's shipping cost it would be much higher
- * We have only taken into consideration the container costs and not their total logistics costs (duty, wharfage etc). The container costs is what has increased in % terms
- * The product is relatively expensive (List Price)
- * Some items are relatively small

Aleksandra Drazic

Senior Analyst | Commercial Cost Management

L2 M10 800 Toorak Road Hawthorn East Victoria 3123 Australia

M REDACTED - PII | E REDACTED - PII @coles.com.au



Good things. Great value.

From: Matthew Hankin <REDACTED - PII @coles.com.au>
 Sent: Thursday, 24 February 2022 3:07 PM
 To: Aleksandra Drazic <REDACTED - PII @coles.com.au>; Jack Jessiman <REDACTED - PII @coles.com.au>
 Cc: Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>
 Subject: RE: Recommendation | Colgate_20211203_Dental

Thanks Aleksandra,

What percent are we assuming re international freight as a percent of total cost excluding overheads?

Matt

From: Aleksandra Drazic <REDACTED - PII @coles.com.au>
 Sent: Thursday, 24 February 2022 2:38 PM
 To: Jack Jessiman <REDACTED - PII @coles.com.au>
 Cc: Matthew Hankin <REDACTED - PII @coles.com.au>; Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>
 Subject: RE: Recommendation | Colgate_20211203_Dental

Hi Jack – below is the summary of the updated analysis. Even from looking at the P2P analysis we only estimated the impact to be around 2.7% increase. Looking at the information submitted the supplier did not provide any cost breakdown in their submission so we have applied should cost modelling on commodities (building the cost breakdown bottom up) and for shipping we used our own international shipping landing cost calculator.

I have attached both summaries. Let me know if there are any questions. Thanks.

	%	Impact \$k P.a.	Gap to ask \$k p.a.
ASK	13.2%	8.76 M	-
Recommendation	1.9%	1.28 M	7.5 M
P2P Analysis	2.7%	1.76 M	6.9 M

Aleksandra Drazic

Senior Analyst | Commercial Cost Management

L2 M10 800 Toorak Road Hawthorn East Victoria 3123 Australia

M REDACTED - PII | E REDACTED - PII @coles.com.au



Good things. Great value.

From: Jack Jessiman <REDACTED - PII @coles.com.au>
 Sent: Thursday, 24 February 2022 12:39 PM
 To: Aleksandra Drazic <REDACTED - PII @coles.com.au>
 Cc: Matthew Hankin <REDACTED - PII @coles.com.au>
 Subject: RE: Recommendation | Colgate_20211203_Dental

Thank you so much 😊

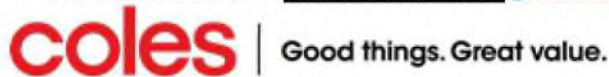
From: Aleksandra Drazic <REDACTED - PII @coles.com.au>

Sent: Thursday, 24 February 2022 12:29 PM
 To: Jack Jessiman <[REDACTED]@coles.com.au>
 Cc: Matthew Hankin <[REDACTED]@coles.com.au>
 Subject: RE: Recommendation | Colgate_20211203_Dental

Hi Jack – will have a look and get back to you today.

Aleksandra Drazic
 Senior Analyst | Commercial Cost Management

L2 M10 800 Toorak Road Hawthorn East Victoria 3123 Australia
 M [REDACTED] | E [REDACTED] PII [REDACTED]@coles.com.au



From: Jack Jessiman <[REDACTED]@coles.com.au>
 Sent: Thursday, 24 February 2022 12:10 PM
 To: Aleksandra Drazic <[REDACTED] PII [REDACTED]@coles.com.au>
 Cc: Matthew Hankin <[REDACTED]@coles.com.au>
 Subject: FW: Recommendation | Colgate_20211203_Dental
 Importance: High

Hi Alek,

Hope you're well.

Can you please review the below for Colgate.
 The main ask here is that we consider 6 month increase in freight to understand the level that would be validated based on this.

Thanks,
 Jack

From: Jack Jessiman
 Sent: Wednesday, 23 February 2022 2:05 PM
 To: Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>; Paul Carroll <[REDACTED]@coles.com.au>
 Cc: Richard Zammit <[REDACTED]@coles.com.au>; Timothy Bell <[REDACTED]@coles.com.au>; Aleksandra Drazic <[REDACTED] PII [REDACTED]@coles.com.au>; Janmejay Shikhare <[REDACTED] PII [REDACTED]@Coles.com.au>; Matthew Hankin <[REDACTED]@coles.com.au>
 Subject: RE: Recommendation | Colgate_20211203_Dental
 Importance: High

Hi Team,

Hope you're well.

Are you able to please re run this analysis based on last 6 months commodity movements, with shipping implications also considered.
 This activations goes live on Monday, so it would be greatly appreciated if you could please shoot across asap.

If possible can you please also update the P2P analysis.

Thanks,
 Jack

From: Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>
 Sent: Wednesday, 22 December 2021 5:58 AM
 To: Paul Carroll <[REDACTED]@coles.com.au>
 Cc: Richard Zammit <[REDACTED]@coles.com.au>; Timothy Bell <[REDACTED]@coles.com.au>; Aleksandra Drazic <[REDACTED] PII [REDACTED]@coles.com.au>; Janmejay Shikhare <[REDACTED] PII [REDACTED]@Coles.com.au>; Jack Jessiman <[REDACTED]@coles.com.au>
 Subject: Recommendation | Colgate_20211203_Dental

Hi Paul,

Hope you are doing well!

We have completed the review of the CPI request from **Colgate** on **57** SKUs in the **Dental Health** Category.

Please note that we need to send the response to the supplier's request before **02nd January** to **ensure we are compliant under the Grocery Code**

The supplier has not submitted any information on commodities or their cost breakdown in the product. Hence, we have carried should cost modelling based on the information available online & thorough research to calculate cost compositions and have utilised same to assess this CPI request.

Analysis:

- * We have found that the **0.58 % (\$ 383.4 K in COGS p.a.)** is justified against the supplier's ask of **13.2 % (\$ 8.8 Mn in COGS p.a.)** **with a gap of \$ 8.4 Mn in COGS p.a.**
- * Please refer to the attached summary file – 'Summary – Colgate (Dental).xlsx'; you can share this file with the supplier

Callout:

- * Last date of cost change has been considered based on Cost tool

Note to CM:

- * Kindly mark the CPI mailbox in CC for your communications with the supplier on this request

Next Steps:

If the prices seen in our market indices do not correlate to the price trends experienced by the supplier, they can provide us with some sort of documentary evidence to support price movements they have quoted (either in the form of contracts or invoices)

Coles is committed to protecting the confidentiality of any data provided by any supplier as part of the cost price adjustment process. However, to address any concerns they may have about the provision of confidential information the supplier may:

- Enter into a confidentiality agreement in relation to the information provided (with Coles CCT) i.e. to share invoices to confirm the cost increases
- Engage an independent third party to conduct a confidential review of the information and provide a recommendation to Coles. The identity of the independent third party is to be agreed between the supplier and Coles and the cost of such review will be shared equally by both parties.

Please reach out to us in case of any queries.

Regards,

Aditya Singh

Analyst

Commercial Cost Management

REDACTED - PII @coles.com.au

coles

Value the Australian way