

Fwd: ****DO NOT SHARE**** Alternate View | VIP Petfoods_20211115

From: Michael Papalia <[REDACTED]@coles.com.au>
To: Paul Carroll <[REDACTED]@coles.com.au>; Chad Burke <[REDACTED]@coles.com.au>
Date: Wed, 08 Dec 2021 11:29:49 +1100
Attachments: Summary - VIP Petfoods - Supplier Submission - Not Rebased.xlsx (159.01 kB);
 Summary - P2P - VIP Petfoods - Supplier Submission.xlsx (157.32 kB)

Sent from my iPhone

Begin forwarded message:

From: Elissa Xu <[REDACTED]@coles.com.au>
Date: 8 December 2021 at 11:28:45 am AEDT
To: Michael Papalia <[REDACTED]@coles.com.au>
Cc: Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>, Timothy Bell <[REDACTED]@coles.com.au>
Subject: ****DO NOT SHARE**** Alternate View | VIP Petfoods_20211115

**** INTERNAL ONLY – DO NOT SHARE ****

Hi Michael,

In addition to the recommendation already shared, please see below for alternate views.

Supplier Submission – Cost Compositions not Rebased

- In our recommendation we rebased the supplier cost compositions for 20% to account for markup and overheads, this scenario does not rebase the cost compositions
- In this case, **9.1% (\$4.5m in COGS p.a.) can be justified** of the request for 14.7% (\$7.3m in COGS p.a.) **with a gap of \$2.8m in COGS p.a.**

Point-to-Point View

- Point-to-point analysis is often more reflective of a supplier's point of view when submitting a CPI – this is not the standard approach we use to assess CPI requests
- In this case, **12.8% (\$6.4m in COGS p.a.) can be justified** of the request for 14.7% (\$7.3m in COGS p.a.) **with a gap of \$923.2k in COGS p.a.**

Thanks,

Elissa

Elissa Xu

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