

Real Pet CPI request

From: Paul Carroll <REDACTED@coles.com.au>
To: Simon Russell <REDACTED@realpetfoodco.com.au>
Cc: Cost Price Increase Requests <costpriceincreaserequests@coles.com.au>; Chad Burke <REDACTED@coles.com.au>; Lauren Murtagh <REDACTED@realpetfoodco.com.au>
Date: Tue, 25 Jan 2022 20:41:02 +1100
Attachments: RPF CPI Coles.pdf (539.08 kB); Summary - VIP Petfoods R2.xlsx (164.37 kB)

Hi Simon,

I hope you are well. I wanted to let you know that the VMO have reviewed your additional information you provided . Feedback below.

Hi Paul,

Having a quick look at the additional information provided by the supplier, some general comments:

- *The provided commodity charts are consistent with the commodity indexes we have access to, and we have taken the price movements into account in our analysis*
- *However the charts also include forecasts for future prices, in general we do not recommend accepting price increases based on forecasts as there is no guarantee which way the prices will go*
- *The supplier may have taken this into account in their request which may explain some of the difference between our recommendation and their requested %*

In our initial analysis we did not include Kangaroo as there is no publicly available indices or practical substitutes. Based on the minimal additional information provided, we have estimated this impact and can revise our recommendation to 8.8% (8.5% previously).

Please let us know if you have any questions, otherwise happy to leave with you..

*Thanks,
Elissa*

Based on this information, I have reviewed it satisfactory to extend my allowance from +8.5% increase to 8.8% in line with the VMO recommendation . Please note this is a dramatic increase to real Pet, an approx. COG benefit of +\$4.4m across a calendar YoY. I must state this is subject to some incremental promotional activity being agreed in order to ensure Real Pet Food lines remain commercially viable. Im happy to have Emma and Lauren work this up.

I feel the time is right to cease discussions with the VMO and discuss how you wish to proceed.

Kind regards,

Paul Carroll

Senior Category Manager - Pet

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From: Simon Russell <REDACTED-@realpetfoodco.com.au>
Sent: Friday, 7 January 2022 6:48 AM
To: Paul Carroll <REDACTED@coles.com.au>; Cost Price Increase Requests <CostPriceIncreaseRequests@coles.com.au>
Cc: Lauren Murtagh <REDACTED - PII@realpetfoodco.com.au>; Emma Bates <REDACTED@coles.com.au>
Subject: FW: RPFC - Additional Information Supporting Cost Increase

Hi Paul,

I have updated the pack that I sent through at the end of last year with an additional slide highlighting the cost impact on Kangaroo meat that we are experiencing.

Happy to discuss further when you are back on-board next week.

Cheers

Simon

From: Simon Russell
Sent: Friday, 17 December 2021 7:44 PM
To: Paul Carroll <REDACTED@coles.com.au>; Emma Bates <REDACTED@coles.com.au>; Lauren Murtagh <REDACTED - PII@realpetfoodco.com.au>
Subject: RPFC - Additional Information Supporting Cost Increase

Hi Paul,

Trust you have had a good week.

Thanks for your email earlier in the week. I wanted to provide you with some additional information pertaining to the cost increase that was recently submitted. Please find attached a document that provides supporting rational to the increase in commodity costs that we are experiencing.

RPFC has been absorbing these costs now for 6-9 months plus and does not expect these to revert at any time in the foreseeable future. As a result, it is no longer sustainable for the business to continue to absorb these costs.

If you have any questions, lets set up some time to discuss.

Cheers,

Simon

Simon Russell
Customer Business Manager Coles



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