

Fwd: RPF Investment plan

From: Simon Russell <P@realpetfoodco.com.au>
To: Paul Carroll <P@coles.com.au>
Cc: Emma Bates <P@coles.com.au>
Date: Thu, 10 Feb 2022 16:43:26 +1100

Hi Paul,

We have done some additional modelling and based on our CPI assumptions we see that this offer will improve your overall business by **100bps**.

This is based on all sku's that have had a CPI applied and does not take into the calculation the rest of the portfolio. Its was quite challenging to calculate and obviously is pinned to many market and volume assumptions.

This is our best "realistic" estimate

Regards,

Simon Russell

From: Paul Carroll <P@coles.com.au>
Sent: Thursday, February 10, 2022 2:48:55 PM
To: Simon Russell <P@realpetfoodco.com.au>
Cc: Emma Bates <P@coles.com.au>
Subject: RE: RPF Investment plan

Thanks Simon

Final question- how many basis points in margin do you believe real pets proposal will improve for Coles across a 52 week year

From: Simon Russell <P@realpetfoodco.com.au>
Sent: Thursday, 10 February 2022 1:34 PM
To: Paul Carroll <P@coles.com.au>
Cc: Emma Bates <P@coles.com.au>
Subject: RE: RPF Investment plan

Hi Paul,

Thanks for note below. We have done some modelling on performance and expected promo uplift at different price points. RPP \$4.90 will meet you request and with additional unit deal funding from ourselves we can ensure accretive promotional results +\$ in 5th Margin vs proposal. This is viable at +60,000 units x 4 time per year. We should stay close to the performance of these promos and potentially reinvest in other ways if volumes does not meet expectations. This will ensure that we both realise the benefit of the additional investment.

Cheers,

Simon

Promotional Bundle	Segment	Proposed RRP	Current Strategy	Proposed Strategy	Unit Deal	Margin Enhancement	Profit Rate Impact	Profit Impact	Commentary
Chunkers 1kg	Fresh	\$5.50	Down Down \$4.25 5 th Margin 1%	Down Down \$5.00 5 th Margin 1%	\$		RE	Current +1 Proposed \$1% (+)	Funding to maintain Down Down ticket at \$5 Bundle delivering \$11.3m in RSV assuming 100% volume transfer. Starting ASAP
Fussy Cat Cups 70g	Fresh	\$2.50	Varying Promo's 5 th Margin 1%	30 x \$200 5 th Margin 1%		\$	RE	Current Proposed \$+1.8% (\$)	Margin enhancement increase from \$ to \$ to achieve 1% margin. Confirm ranging at current review as presented
Fussy Cat 450g	Fresh	\$6.50	5 x \$5.30 1 x \$4.00 5 th Margin 1%	48 x \$6.50 4 x \$4.90 Maintain 5 th Margin	\$ at \$4.90	\$	NEW P	Current Proposed \$NEW \$+1.3% (\$) New +1.3% (\$)	\$ margin enhancement applied to achieve 1% + 1% vs current. Maintain existing ranging Requires +60,000 units at \$4.90 to maintain viability (ongoing review of performance)
TOTAL							RE	Incremental \$ Incremental \$	

From: Paul Carroll <P@coles.com.au>
Sent: Thursday, 10 February 2022 12:07 PM
To: Simon Russell <P@realpetfoodco.com.au>
Cc: Emma Bates <P@coles.com.au>
Subject: RE: RPF Investment plan
Importance: High

Thanks for this Simon,

Appreciate the quick turnaround however it is not quite the level of investment I was hoping for.

My final ask would be around 450g fussy cat fresh .Im extremely concerned about this bundle and my ability to support it or range it post CPI.

The recommended strategy is severely in competitive against Aldi, in significant decline but still hurting me from a rate perspective. A perfect mix of nothing good about it.

Can you please submit some margin accretive promotions on this below \$5 which will allow us to be competitive and boost probability.

If we can get this over the line we may be able to close the discussion once and for all today

RPF – Additional Investment to support Coles margin growth

Promotional Bundle	Segment	Proposed RRP	Current Strategy	Proposed Strategy	Unit Deal	Margin Enhancement	Profit Rate Impact	Profit Impact	Commentary
Chunkers 1kg	Fresh	\$5.50	Down Down \$4.25 5 th Margin 14%	Down Down \$5.00 5 th Margin 14%	\$14		REDACTED	Current +\$1 Proposed +\$1 1% (+\$1)	Funding to maintain Down Down ticket at \$5 Bundle delivering \$11.3m in RSV assuming 100% volume transfer. Starting ASAP
Fussy Cat Cups 70g	Fresh	\$2.50	Varying Promo's 5 th Margin 14%	30 x \$200 5 th Margin 14%		\$14		Current \$1 Proposed \$1 +1.8% (+\$1)	Margin enhancement increase from \$14 to \$14 to achieve 14% margin. Confirm ranging at current review as presented
Fussy Cat 450g	Fresh	\$6.50	5 x \$5.30 1 x \$4.00 5 th Margin 14%	52 x \$6.50 5 th Margin 14%		\$14		Current \$1 Proposed \$1 +1.3% (+\$1)	\$14 margin enhancement applied to achieve 14% + 14% vs current. Maintain existing ranging
TOTAL								Incremental \$14	

From: Simon Russell <REDACTED@realpetfoodco.com.au>
Sent: Wednesday, 9 February 2022 4:22 PM
To: Paul Carroll <REDACTED@coles.com.au>
Subject: RPF Investment plan

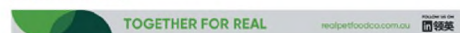
Hi Paul,

Please find attached a summary of the additional investment that we can put behind the business plus increased promotional frequency on key bundles that you identified. Let's discuss and align on this activity.

Simon Russell
 Customer Business Manager Coles



39 Albany Street, Crows Nest NSW 2065
 PO Box 346, North Sydney NSW 2059
 m REDACTED
 realpetfoodco.com.au



*Any retail or promotional prices within this email are non-binding recommendations only. Retail prices are at the sole discretion of the retailer

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