

Re: RPF Investment plan

From: Paul Carroll <[REDACTED]@coles.com.au>
To: Simon Russell <[REDACTED]@realpetfoodco.com.au>
Cc: Emma Bates <[REDACTED]@coles.com.au>; Gentjana Emini <[REDACTED]@coles.com.au>
Date: Thu, 10 Feb 2022 23:35:20 +1100

Hi Simon

We are aligned to the cost price change despite the unvalidated amount from the VMO. Please note that your recommended strategy may weaken your customer priority score on real pet skus in our optimiser and ultimately weaken their credentials going forward. Therefore we cannot commit to long term ranging as these will need to be assessed on their new merit in the respective range reviews throughout the year (inclusive of in scope cat) but we can commit to not deleting any items today. Coles needs to put in writing we are not in favour of this recommended strategy but wants to support real pet in light of the circumstances presented.

Please can you confirm if costs have been amended via GS1 (preferred method). Otherwise Gena will reach out with a cost form.

Kind regards

Paul

Sent from my iPhone

On 10 Feb 2022, at 4:43 pm, Simon Russell <[REDACTED]@realpetfoodco.com.au> wrote:

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 [REDACTED] bps.

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 <[REDACTED]@coles.com.au>
Sent: Thursday, February 10, 2022 2:48:55 PM
To: Simon Russell <[REDACTED]@realpetfoodco.com.au>
Cc: Emma Bates <[REDACTED]@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 <[REDACTED]@realpetfoodco.com.au>
Sent: Thursday, 10 February 2022 1:34 PM
To: Paul Carroll <[REDACTED]@coles.com.au>
Cc: Emma Bates <[REDACTED]@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 +\$[REDACTED] 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 RPP	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 [REDACTED]%	Down Down \$5.00 5 th Margin [REDACTED]%	\$[REDACTED]		\$[REDACTED]	Current +\$[REDACTED] Proposed \$[REDACTED] (RPP)	Funding to maintain [REDACTED] 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 [REDACTED]%	30 x \$200 5 th Margin [REDACTED]%		\$[REDACTED]	\$[REDACTED]	Current \$[REDACTED] Proposed \$[REDACTED] (+[REDACTED]%)	Margin enhancement increase from \$[REDACTED] to \$[REDACTED] to achieve [REDACTED] % 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 [REDACTED]%	48 x \$6.50 4 x \$4.90 Maintain 5 th Margin [REDACTED]%	\$[REDACTED] at \$4.90	\$[REDACTED]	NEW \$[REDACTED]	Current \$[REDACTED] Proposed \$[REDACTED] NEW \$[REDACTED] +1.35% (RPP) New +[REDACTED]	\$[REDACTED] margin enhancement applied to achieve [REDACTED] % + [REDACTED] % vs current. Maintain existing ranging Requires +60,000 units at \$4.90 to maintain viability (ongoing review of performance)
TOTAL							\$[REDACTED]	Incremental \$[REDACTED] Incremental \$[REDACTED]	

From: Paul Carroll <[REDACTED]@coles.com.au>
Sent: Thursday, 10 February 2022 12:07 PM
To: Simon Russell <[REDACTED]@realpetfoodco.com.au>
Cc: Emma Bates <[REDACTED]@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

<image001.png>

From: Simon Russell <srussell@realpetfoodco.com.au>
Sent: Wednesday, 9 February 2022 4:22 PM
To: Paul Carroll <pcarroll@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

<image002.png>

39 Albany Street, Crows Nest NSW 2065
PQ Box 346, North Sydney NSW 2059
m [realpetfoodco.com.au](https://www.realpetfoodco.com.au)

<image003.png>

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

CONFIDENTIALITY NOTICE AND DISCLAIMER This email (including any attachment to it) is confidential and may also be privileged and exempt from disclosure under applicable law. Accordingly, if you are not the intended recipient, please notify us immediately and delete this email (including any attachment to it) from your computer system. You should also not disseminate or copy the email. We do not assure the security of information electronically transmitted and your communication with us through such means signifies your acceptance of any risk attaching thereto. Any statement contained herein is not to be construed as an offer to enter into any contractual obligation nor an acceptance of any offer. Thank you.

This email and any attachments may contain privileged and confidential information and are intended for the named addressee only. If you have received this e-mail in error, please notify the sender and delete this e-mail immediately. Any confidentiality, privilege or copyright is not waived or lost because this e-mail has been sent to you in error. It is your responsibility to check this e-mail and any attachments for viruses. No warranty is made that this material is free from computer virus or any other defect or error. Any loss/damage incurred by using this material is not the sender's responsibility. The sender's entire liability will be limited to resupplying the material.

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 12%	Down Down \$5.00 5 th Margin 12%	\$12		\$12	Current +\$12 Proposed \$12 (+\$12)	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 12%	30 x \$200 5 th Margin 12%		\$12	\$12	Current \$12 Proposed \$12 (+\$12)	Margin enhancement increase from \$12 to \$12 to achieve 12% 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 12%	52 x \$6.50 5 th Margin 12%		\$12	\$12	Current \$12 Proposed \$12 (+\$12)	\$12 margin enhancement applied to achieve 12% + 12% vs current. Maintain existing ranging
TOTAL							\$12	Incremental \$12	