

RE: RPF CPI Proposal

From: Paul Carroll <[REDACTED]@coles.com.au>
 To: Simon Russell <[REDACTED]@realpetfoodco.com.au>
 Cc: James Brodie <[REDACTED]@coles.com.au>
 Date: Thu, 02 Feb 2023 17:47:49 +1100

Hi Simon,

Thanks for the note.

As communicated- the CPI is not accepted and Coles will not be awarding Real Pet Food 10.6% additional (+\$5.6m in COGS based off flat volume)

Its impossible to assume volume will step forward +4.6% given all of the promotion cancellations, 11% inflation you recommend and critically your terrible DIF right now.....

You have really lost my buy in on your proposal pretending all the above and below wont impact volume. Your NP on this proposal will not stay the same or go forward.

James Brodie 5:36 pm

Supplier (Hist)		DIFOT %	DIF %	DOT %	DIFOT % (LY)	DC Original Order Qty (Ctns)	DC Received On Time Qty (Ctns)	DIFOT Missed Qty (Ctns)
959676	Australian Pet Brands P/L (Priva	31.51%	51.99%	60.57%	48.92%	379,646	119,618	260,028
959649	Australian Pet Brands P/L Wet (P	75.22%	86.74%	86.71%	64.04%	813,447	611,848	201,599

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Last 13 weeks

As spoken to you Real Pet have an easy task to conclude this once and for all to the party and improve your Net Profit % rate via additional MDI investment. Im open to this being in LBI if its something you prefer. The reward back to real pet is CPI accepted in full and no impact to range

Please confirm that you wish to move into a none supply as its very important we rearrange pick slots at our DC come Monday.

Alternatively -close the deal and provide further incentive.

Kind regards,

Paul

From: Simon Russell <[REDACTED]@realpetfoodco.com.au>
 Sent: Thursday, 2 February 2023 4:59 PM
 To: Paul Carroll <[REDACTED]@coles.com.au>
 Subject: RPF CPI Proposal

Hi Paul,

Rounding out our discussion to date on the RPF CPI proposal. We have invested an **incremental \$[REDACTED]** in margin enhancement deals and additional promotions, coupled with the organic impact of maintaining / if not improving margins in every instance across all sku's impacted by CPI providing an **additional \$[REDACTED]** in margin. In summary there is an **additional \$[REDACTED]** in the plan versus the prior 12 months.

- We are seeing very strong growth across your business, with the only areas for concern being Chilled (driven by poor OSA) and Wet Dog (a result of matching Woolworths strategy).
- In addition, **[REDACTED]** will be unlocked at a higher rate providing an **additional \$[REDACTED]** in Ambient and an **additional \$[REDACTED]** in Fresh once we hit the targets.
- We are growing margin ahead of sales in both Ambient and Fresh businesses, with mix and support for an aggressive promotional program.

In the current environment, we have seen significant impact to our business with rising costs, it would be detrimental to have further products deleted because we cannot sustain/meet the request to provide an additional **\$[REDACTED]** in Media investment.

I am very confident that we have secured the strongest outcome for your business and request that you reconsider deleting any further product.

Cheers,

Simon

Coles RPF AMBIENT CPI plan 2023				
	CPI Plan TY	TY	LY	(+/-)
Sales Qty	20,683	19,458	19,779	4.6%
Sales \$	92,300	79,289	57,693	60.0%
5th Margin \$ excl ARC	REDACTED - CONFIDENTIAL			
5th Margin %				
Straights & Accruals excl ARC				
Net Profit inc. Accruals excl ARC				

Coles RPF FRESH CPI plan 2023				
	CPI Plan TY	TY	LY	(+/-)
Sales Qty	15,338	15,374	17,344	-11.6%
Sales \$	71,949	69,408	71,639	0.4%
5th Margin \$ excl ARC	REDACTED - CONFIDENTIAL			
5th Margin %				
Straights & Accruals excl ARC				
Net Profit inc. Accruals excl ARC				

Coles RPF Total CPI plan 2023				
	CPI Plan TY	TY	LY	(+/-)
Sales Qty	36,020	34,832	37,123	-3.0%
Sales \$	164,249	148,697	129,332	27.0%
5th Margin \$ excl ARC	REDACTED - CONFIDENTIAL			
5th Margin %				
Straights & Accruals excl ARC				
Net Profit inc. Accruals excl ARC				

	Dollars (000) Growth % YA	Tonnes Growth % YA
	Year 2022	Year 2022
	AU Coles Group scan	AU Coles Group scan
Total Real Pet Food Company	9.3	-7.2
Total Dog Dry Real Pet Food Company	22.5	12.3
Total Dog Treats Real Pet Food Company	18.6	7.3
Total Dog Wet Real Pet Food Company	5.6	-11.8
Total Dog Chilled Real Pet Food Company	-1.5	-17.4
Total Cat Chilled Real Pet Food Company	-16.2	-23.1
Total Cat Dry Real Pet Food Company	32.3	20.8
Total Cat Treats Real Pet Food Company	23.4	30.3
Total Cat Wet Real Pet Food Company	74.0	56.7

Simon Russell
Customer Business Manager Coles



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*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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