

**RE: RPF CPI Proposal**

**From:** Paul Carroll <[REDACTED]@coles.com.au>  
**To:** Simon Russell <[REDACTED]@realpetfoodco.com.au>  
**Cc:** Olga Zanetti <[REDACTED]@coles.com.au>; Joseph Dalo <[REDACTED]@realpetfoodco.com.au>; Germaine Chua <[REDACTED]@realpetfoodco.com.au>; Daniel De Vincentis <[REDACTED]@coles.com.au>  
**Date:** Fri, 03 Feb 2023 17:38:08 +1100

Hi Simon

Just put this conversation in writing:

- CPI accepted in full based off full proposal below with no impacts to range (outside of normal range review windows)
- Real Pet Food will support Coles with dry red label cat until minimum 1<sup>st</sup> December
- In order to facilitate, Real Pet Food want to exit their existing Natures Goodness Dry Dog brand asap (marked for deletion Sept 2023)
- Once our existing contract expires in June, it's noted that Real Pet will likely request a cost price increase for the supply until 1<sup>st</sup> December
- In the event Coles finds this CPI unviable, Real Pet will continue to supply at existing pricing until Dec 1<sup>st</sup>. However please note Coles will always be open to have conversations and consider requests where they are valid, justified and viable.

Thankyou for your existing support for Coles own brand and recognising in this discussion its importance. I hope my support for your branded CPI has demonstrated my recognition for your strategic focuses in return. We look forward to having more transparent conversations in the future.

Also Simon – special shout out for Lauren who has been all over the Paf's, pricing and promotional changes required for this CPI. It goes along way for my team

Have a great weekend,

**Paul Carroll** (he/him)  
 Senior Category Manager –Pet  
 Homecare | Non-Food

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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 %	REDACTED - CONFIDENTIAL			
Straights & Accruals excl ARC	REDACTED - CONFIDENTIAL			
Net Profit inc. Accruals excl ARC	REDACTED - CONFIDENTIAL			

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 %	REDACTED - CONFIDENTIAL			
Straights & Accruals excl ARC	REDACTED - CONFIDENTIAL			
Net Profit inc. Accruals excl ARC	REDACTED - CONFIDENTIAL			

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 %	REDACTED - CONFIDENTIAL			
Straights & Accruals excl ARC	REDACTED - CONFIDENTIAL			
Net Profit inc. Accruals excl ARC	REDACTED - CONFIDENTIAL			

	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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