

RE: CPI feedback

From: Brooke Nicol <[REDACTED]@ccep.com>
To: James Cubbon <[REDACTED]@coles.com.au>; Nick Hatzioannou <[REDACTED]@ccamatil.com>; Nathan Stewart <[REDACTED]@ccamatil.com>
Cc: Sam Hamza <[REDACTED]@coles.com.au>; John Andrew <[REDACTED]@coles.com.au>
Date: Thu, 23 Dec 2021 18:33:23 +1100

Hi James,

Thanks for your response below.

In regards to the promotional opportunities, this will require greater discussions with the broader retail team. We will absolutely review this internally and come back to you. This will be in the new year when key stakeholders have returned.

From a profitability perspective, we have ensured that we have managed and improved Coles overall profitability from a promotional funding perspective delivering an incremental \$[REDACTED] profit. Additionally as per my email to John today, CCEP have also provided further financial support with a one off offer so we believe this aspect has now been addressed.

Please let us know if there is anything else you require and in the meantime we will continue discussions internally on the promotional opportunities you have highlighted below.

Thanks again

Brooke Nicol

Senior National Business Manager

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From: James Cubbon <[REDACTED]@coles.com.au>
Sent: Thursday, 23 December 2021 4:15 PM
To: Brooke Nicol <[REDACTED]@ccep.com>; Nick Hatzioannou <[REDACTED]@ccamatil.com>; Nathan Stewart <[REDACTED]@ccamatil.com>
Cc: Sam Hamza <[REDACTED]@coles.com.au>; John Andrew <[REDACTED]@coles.com.au>
Subject: CPI feedback

Hi All,

Thanks for sending through the detail on the CPI request. We have had a chance to review and have a couple of questions that we would like to go through.

My main challenge sits in the customer value space, as the over-arching sell price increases seem excessive in an economic environment where affordability is a real challenge. This is the second CPI you have sent through this year, neither of which has been validated by our commodity team.

On top of this, when taking the proposal to my business, I'm keen to explore opportunities to improve profitability which should make the plan easier to get over the line.

I've included a summary of the pack groups where I see an opportunity for improvement below:

30 pack

- * From a customer perspective, would you be able to fund a reduction in sell price on the 40% promo in NSW and SA to a rounded price point.
- * In terms of overarching profitability, can you look at the **REF** promo funding – ideally **REF** additional nationally to enable sign off from our business.
- * Similarly could you have a look at the HP funding - **REF** additional nationally makes sense to us from a profitability perspective.

10 pack

- * In customer value terms can you look at the following:
 - * 40% off - can you fund the rounding down of QLD, WA to \$8.90, SA to \$9
 - * HP + CDS - can you fund the rounding down of NSW, QLD, WA

1.25litre

- * From a profitability perspective, can you Increase HP funding by **REF** to **REF** national

Monster 4 pack

- * In customer value terms can you fund the rounding down in VIC, NSW, QLD, WA

Let's discuss tomorrow as I would love to be able to lock this in before we break from Xmas.

Regards,

James Cubbon

Senior Category Manager – Soft Drinks, Energy & Sports

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