



Cost Recovery Program Revised Plan

March 23rd, 2022



Revised Financial Profile

	RSV \$ (M)	Volume	5th Margin \$	5th Margin %	Funding	Detail
Original Projection	\$255.7m	91.6m	REDACTED - Confidential			
Vs Prior Period	2.9%	-5.8%				

	RSV \$ (M)	Volume	5th Margin \$	5th Margin %	Funding	Detail
Revised Projection	\$258.9m	93.4m	REDACTED - Confidential			
Original Projection	\$255.7m	91.6m				
Change	\$3.2m	1.8m				

Change in **revised projection** vs **original projection** driven by incremental promo activity:

- 2 X Shapes \$2.00
- 6 X Creams \$3.00
- 3 X Savoury MPs \$3.50
- 3 X Sweet MPs \$3.50

	RSV \$ (M)	Volume	5th Margin \$	5th Margin %	Funding	Detail
Revised Projection	\$258.9m	93.4m	REDACTED - Confidential			
Vs Prior Period	4.1%	-4.0%				



coles

create *delicious* moments

Revised Financial Profile + Opportunities

	RSV \$ (M)	Volume	5th Margin \$	5th Margin %	Funding	Detail
Revised Projection	\$258.9m	93.4m	REDACTED - Confidential			Upweighted promo activity
vs Prior Period	4.12%	-4.05%				
Opportunity 1	\$2.7m	1.1m				Shapes shelf enhancement
Opportunity 2	\$0.6m	0.3m				Shapes Gondola Ends
Opportunity 3	\$2.1m	0.7m				Creams shelf enhancement
Opportunity 4	\$0.4m	0.2m				Plains shelf enhancement
Opportunity 5	\$0.9m	0.3m				Delta Cream ranging
Opportunity 6	\$0.6m	0.2m				Custard Cream ranging
Opportunity 7	\$0.7m	0.3m				Shredded Wheatmeal ranging
Total Opportunities	\$7.9m	3.2m				

	RSV \$ (M)	Volume	5th Margin \$	5th Margin %	Funding
Projection + Opps	\$266.8m	96.6m	REDACTED - Confidential		
vs Prior Period	7.3%	-0.7%			

Further detail on opportunities provided on following slides. Excluded from the financial profile is a major Coles shopper activation planned for Feb/March – minimum \$^{REDACTED} prize pool supported with store incentive.

Volume Opportunities

Shapes Shelf Enhancements - \$^{REDACTED}_{ED}

- Improve availability on key sellers – Shapes Cheese & Bacon is on 2 facings in the 3 and 4 bay layouts and delivers \$6.6m RSV annualised, this is higher than the total KPG RSV for Red Rock Deli, Fantastic Delites or Natural Cracker Co.
- Leverage improved shopability and shelf presence to deliver higher yields on promotional and baseline weeks, currently Coles under-index vs Comp.
- Shapes delivers 70% of Flavoured Snacks RSV, if the below shelf share changes were implemented by reducing space for poor performers with low exclusive dollars, we would conservatively project a 4.8% volume uplift:
 - 3 Bay – shelf share 44.5% to 52.8% = 6 incremental facings
 - 4 Bay – shelf share 41.4% to 49.8% = 8 incremental facings



Volume Opportunities

Shapes G/End Product Mix \$^{REDACTED}

- Reduce sku count and improve shopability of key sellers on half price gondola ends.
- Opportunity for an incremental 40K units per half price promotion.



Creams Shelf Enhancement \$^{REDACTED}

- Address significant under-trade on Creams: 33% vs 39% for Total Sweet.
- Provide clear segmentation to improve ease of shop.
- Improve availability on key sellers via increased DOS.
- Shelf enhancements are conservatively projected to reduce under-trade by 50%.



Volume Opportunities

Plains shelf enhancement \$^{REDACTED}

- Address minor under-trade on Plains.
- Create clear segmentation between Primary and Secondary Plains.
- Improve ease of shop for multibuy promotional tactics.



Creams Ranging Opportunities \$^{REDACTED}



- Delta Creams inc \$0.9m RSV
- Presented in range review
- Solid performer in ROM



- Custard Cream inc \$0.6m RSV
- Not presented in range review but is an opportunity to bring further scale to the Creams KPG
- Smaller scale but strong loyalty
- Ranged in ROM

Plains Ranging Opportunities \$^{REDACTED}



- Shredded Wheatmeal inc \$0.7m RSV
- Presented in range review
- High loyalty (top 20%)
- Unique ingredients and health benefits
- Connects Plains and BFY
- Ranged in ROM

Differentiated Ways to Drive Shopper Value



**Coles LBIs and Shopper ASPs,
opportunity for Coles exclusive ASPs**



**Total Arnett's shopper activation planned for
Feb/March - \$^{RED}_{CTED} prize pool**



create *delicious* moments

Leverage the scale of our brands and differentiated promotional mechanics to highlight value and drive category penetration







Catalogue Feature



Newspaper Advert

Complement the bi-annual 30% Off Masterbrand activation with the 2 for \$5 Super Bundle – RSV c.\$3.9m. Utilise at key trading periods to drive category penetration.

Proposed Changes to the Down Down Program

	<u>Current</u>	<u>Proposed</u>
	\$4.00	\$4.50
	\$5.00	\$5.50
	\$4.50	\$5.00
	\$4.50	\$4.80



In-aisle comms
to drive value
message at POP

Crispbread Proposal – Vita Weat to High/Low and Salada to Down Down

Move Vita Weat to high/low to leverage NPD and marketing investment to drive penetration



Leverage shopper comms



Create strong Down Down shelf presence

Arnott's Down Down offers projected to Deliver \$40m+ RSV in F23



\$3^{ea}
EVERY DAY



ARNOTT'S
Salada
Original

Add a light crunch
to your lunch

THERE IS NO SUBSTITUTE.

ARNOTT'S **AUSSIE**
MADE & LOVED



ARNOTT'S
TimTam
Original
FAMILY PACK

ARNOTT'S
Mint Slice
FAMILY PACK

teeVee
snacks
malt sticks

ARNOTT'S
Family Assorted
7 of Your Favourites

ARNOTT'S
Salada
Wholemeal

ARNOTT'S
Salada
Original

\$3^{ea}
EVERY DAY

An Aussie Icon
moves to Down Down

THERE IS NO SUBSTITUTE.

ARNOTT'S **AUSSIE**
MADE & LOVED

ARNOTT'S
Tiny Teddy
Honey

ARNOTT'S
Tiny Teddy
Chocolate

ARNOTT'S
Tiny Teddy
Choc Chip

ARNOTT'S
Shapes
Variety

ARNOTT'S
Shapes
Variety

ARNOTT'S
Shapes
Variety

ARNOTT'S
Savoy
Original



\$5.50^{ea}
EVERY DAY



ARNOTT'S
Shapes
Variety

THERE IS NO SUBSTITUTE.

ARNOTT'S **AUSSIE**
MADE & LOVED