

28th of February 2019

Dear Trade Partner

Manassen Foods has worked tirelessly over a number of years to find efficiencies and savings in order to mitigate a proportion of the input cost rises that we have seen, this has meant stable pricing for our trading partners despite having to absorb the remaining cost pressures ourselves.

However, with costs continuing to rise across our portfolio we are no longer able to absorb these increases. Therefore, we must now increase our pricing across the Australian Market place.

Please be assured that we are not seeking to recover all of our cost increases as we continue to provide a compelling proposition to our trading partners; we have done all that we can to ensure that these increases have been kept to a minimum.

Manassen Foods is committed to bringing a broad cross section of brands to our trading partners and the Australian consumer. We want to continue to develop the business and bring new and exciting brands and products to you. In order to continue to do this and provide great quality & service we need to have a sustainable business model which has led us to this decision.

Key factors which have contributed to these price increases include:

- Continued commodity price movements in both domestic and international input costs which impacts our broad portfolio.
- Domestic and International freight, handling and distribution cost increases.
- Material FX impacts on our portfolio which are predicted to continue throughout 2019. Manassen imports a large proportion of its products from around the globe and is consequently adversely impacted.
- Significant utility cost impacts across the wider business, especially the exponential cost increases in electricity over the past 3 years.
- Increases in leasing, insurance, R&M, and outgoings which has adversely impacted our warehousing costs.
- Labour charge increases through both our EBA agreements and salaried staff increases.

The effective date for these increases is the 1<sup>st</sup> of April 2019. All orders placed after close of business Friday the 29<sup>th</sup> of March 2019 will be invoiced at the new prices. Your account representative will be forwarding the relevant information to you in line with your specific requirements.

At the same time, we have reviewed our Direct to Store service model which inherently has a higher cost to serve and has been disproportionately impacted by fuel and transport costs. As a result, we will be increasing our minimum order value to \$250 from the same date, 1<sup>st</sup> April 2019.

I would like to take this opportunity to thank you for your support and look forward to continued success for both of our businesses in the future.

Regards,



Rob Vallis  
General Manager – Independents & Convenience