



United Farmers
Product / Prices from 6th
March 2017

From: Alison McKay [<mailto:Alison@espenigma.com>]
Sent: 06 February 2017 16:58
To: Jonathan Robinson <jonathan.robinson@united-farmers.org.uk>
Subject: RE: Price Increase

Good Afternoon Jonathan

Thank you for your reply.

We have continued to attempt to mitigate market conditions through internal efficiencies
But unfortunately it has been impossible to absorb the combined effect of the sustained
Upward trend.

There are 4 key elements that affect the cost of producing our products:

- . Raw material costs
- . Energy costs
- . Distribution costs
- . Labour costs

1. Raw Material costs

The main proportion of our product cost is the cost of the raw material - pulp and recovered waste paper, which is then processed and converted into finished products.

Recovered paper costs have increased by over 25% since January 2016.

In addition certain product categories and specialist base sheets are purchased from European paper mills and converters, These goods are purchased in euros. Since the beginning of 2016, the pound has dropped over 14% against the euro.

Graphs attached re the above information.

2. Energy costs

The energy need to keep our machines running has increased over the course of 2016 with energy costs linked to the price of oil. Oil costs have increased by over 80% since January 2016.

One other knock on effect of the increase in oil prices is the impact on oil based products used in packaging, namely shrink wrap, which has also seen steep increases in price over the last 12 months.

3. Distribution costs

The cost of getting the product to the customer has also increased this year – evident even in our day to day lives as we have seen

The cost of fuel at the petrol station increase. The cost of fuel is linked to the price of a barrel of oil. Diesel prices have increased by over 14% since January 2016.

4. Labour Costs

The cost of employing someone to operate our machinery and to sell our products has increased over the course of 2016.

The National minimum wage went up in October from £6.70 to £7.20 – with a further increase to £7.50 in April 2017 – an Increase of over 10%. This raise effects our shop floor workers and machine operators and therefore directly the manufactured cost of our products.

In summary and in simple terms, the cost of producing and delivering our products has increased whilst the market price for those Products has remained static over the course of the last 12 months. We need to deliver a sustainable and profitable organization And whilst we constantly review our cost base we do (reluctantly) need to implement a price increase.

Whilst there may be some reluctance to accept this increase, you should be reminded of the more intangible benefits that ESP offers:

- . Product quality and consistency
- . Industry leading levels of service
- . Dedicated Internal, Field and National Support
- . Marketing and Literature support

The UF140 Product Line is a product esp imports, there is now a 19% variation on the price of this product.

The date of the 20th February you advised isn't a suitable time frame to implement the increase. We have looked at this and can now **offer 6 March 2017 as the date of commencement.**

I have asked the office to send you an up to date price list with the increased pricing.

If you would like to discuss please don't hesitate in contacting me.

Many thanks

Alison McKay

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United Farmers Product List 2017

	Code	Description	Case Quantity	Pallet Quantity	Price		
					Case Price 2 Pallets +	Case Price 12 Pallets +	Case Price 26 Pallets
Farm Paper Towels							
	UF150S	2 Ply Blue Centrefeed 150m x 180mm 19gsm	6	77	£7.04	£6.82	£6.66
	UF450	2 Ply Blue Centrefeed 180m x 230mm 19gsm	6	45	£10.11	£9.88	£9.73
	UF373S	3 Ply Blue Centrefeed 135m x 195mm 19gsm	6	50	£10.48	£10.32	£10.16
	UF140	2 Ply Green Dairy Wipe 140m x 230mm 56gsm	6	45	£16.40	£15.71	£15.16
	DGR200	1 Ply Continuous Roll Towel 175m x 200mm 42gsm	6	60	£11.76	£11.60	£11.47

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	Code	Description	Case Quantity	Pallet Quantity	Price		
					Case Price 2 Pallets +	Case Price 12 Pallets +	Case Price 26 Pallets
Household Tissue							
	TWH320	2 Ply White Toilet Tissue 320 Sheets	18 x 2	66	£6.15	£5.93	£5.77
	PREM25	2 Ply White Luxury Toilet Tissue	10 x 4	55	£6.89	£6.66	£6.46
	PRES21	3 Ply Luxury Toilet Tissue	10 x 4	55	£9.02	£8.80	£8.59
	TWH200T	2 Ply White Toilet Tissue 200 Sheets	18 x 2	88	£4.71	£4.46	£4.34
	KTW42	2 Ply White Kitchen Towel	12 x 2	55	£5.28	£5.16	£5.03
	HTW240	2 Ply White Luxury Hand Towel 2,400 Sheets	100 x 24	36	£10.01	£9.85	£9.69
	BWH900	2 Ply White Interleaved Toilet Tissue 9,000 Sheets	250 x 36	56	£9.12	£8.96	£8.80