

11 July 2022

Dear Customers

Loscam Australia – Wooden Pallet Demand Update

Firstly, we wish to thank you all for your continued understanding and support as we navigate the many challenges associated with Covid-19 and its impact on global supply chains. The packaging industry has continued to experience both unprecedented and sustained demand. The 6 months to June 2022 have seen little to no respite in terms of the demand on our national wooden pallet pool.

Over the past two years we have supported a significant lift in the organic volume growth amongst our national customer base. Although we continue to invest heavily into growing the pool, the demand is still outpacing our ability to source and convert timber into high quality pallets. Unfortunately, our modelling suggests we can only plan on this trend to likely continue for the remainder of 2022. With that in mind we continue to do all that we can to alleviate this issue as best we can across our large customer network. Some of the ongoing key initiatives include:

- Continue to procure record volumes of new pallets into the pool each month
- Sourced a range of new international timber suppliers to further fast track the growth in our pallet pool
- Working closely with major retailer networks to encourage wooden pallet de hires direct into our depot network nationally or improved decisions around allocations
- Worked closely with industry groups and wider market in driving awareness campaigns to improve returns
- Assess allocations based on pallets on hire and factoring allocations made by retailers
- An ongoing temporary freeze on all new business to ensure the interests of existing customers are prioritised

Along with these initiatives, there are also a range of things you can do to assist in improving the availability. Some of the key actions we ask you to continue to embrace include:

- We strongly encourage customers to de hire any Loscam pallets not in use to your nearest Loscam depot. By having pallets de hired and repaired we are ensuring their ongoing Fit-For-Purpose standard and fair supply to the entire market
- Please ensure your teams are submitting their orders to Loscam with at least two business days' notice
- Although we understand the comfort buffer stock provides your business, Loscam ask that you place orders according to immediate supply requirements
- Relay any information to your Account Manager around potential location of excess Loscam pallets

Our local teams will continue to manage allocations daily and communicate with you directly should any orders be affected. We again appreciate your understanding and assure you that it is a shared frustration which we are trying to fairly balance across the network.

Kind Regards,



Daniel Bunnett
Executive Vice President – Australia and New Zealand

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