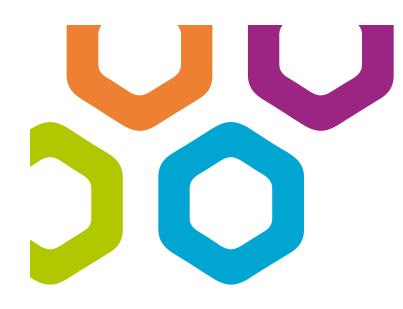
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Pricing tool for new products

IPF – Paris 13.06.2018

Murli Mahalingam <u>murli.mahalingam@albea-group.com</u>





Agenda

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 Building the pricing tool 	20
 Early results 	24
• Takeaways	26



COMPANY OVERVIEW



Albéa is a global leader in beauty, personal care, oral care, pharmaceutical and food packaging





A comprehensive product range Four expertise





Serving the world's leading brands

11

.BÉA

ĽORÉAL		CHANEL	5	
P&G	Oriflame natural swedish cosmetics	GROUPE	Pierre Fabre	ElizabethArden
СОТҮ	AVON	grupo boticário	1000	esk
BDF ●●●● Beiersdorf	REVLON®	🛎 PUIG	Walgreens Boots Alliance	GlaxoSmithKline
JHIJEIDO		Johnson 4 Johnson		Schering-Plough
estēe lauder	3	VICTORIA'S Secret	Unilever	
L'OCCITANE EN PROVENCE	BRASIL	Henkel	MARY KAY	Amway
interparfums,inc.		Cartier	sisley	HERMES
BELCORP	■● KOSÉ	日 百 催 浄 し 一 一	PROYA 珀莱雅	YANBAL

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Contributing to our customers' success





Dove Givenchy Clarins BB cream Cushion Kiss Derma Spa



Givenchy Avon Estée Lauder Rouge Interdit Ultra Color Pore Vanishing Vinyl Stick



Armani Si Sampler



Lancôme Victoria Secret Louis Vuitton La Vie est Belle X0





Parfum







Kicks

Mist

Lancôme

Grandiôse



Oriflame

Men

Perfect Facial Energy Boost

Clarins

Perfect Skin





















Coach

Eau de Parfum





Sephora Church & Dwight Skin Booster Oxi Clean

Natura Mamae Bebe



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----LORGAL CASTING

L'Oréal Casting Nutrisse

President Oriflame **Optimals Body Toothpaste**

SIDENT

J&J

Eczema

Essentials

NEOSPORIN

Beneditca

Mayonnaise

Cartier

L'Envol



Clarins

Christmas Pouch

isen

Creme

K2R



PRICING JOURNEY



Pricing journey at Albea

Price is not based on cost: Price is not based on cost:





Pricing journey at Albea By product line



- Developed in 2016
- Go-live in 2017
- Pricing tool in MS Excel version initially
- Fully integrated with Salesforce in early 2018
- Price performance index evolution



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SYSTEMS





Standard Packs What are they?

- Black or white plastic injected
- Some metal components
- **Basic decoration** •
- Focus on time to market



LS-040

· Contact us to discover our full range of lipstick packagings

Technical information

- · Category: Lipstick
- · Outer pack shape: Cylindrical
- Mecanism reference: BESO 10
- · Filling mode: Top Fill
- · Cup diameter: 12,7 mm
- · Packsize diameter: 19,6 mm
- Material base: SAN-ABS
- · Material cap: SAN-ABS
- · Material collar: na
- · Material mechanism: Alu Shell



CM-105

· Contact us to discover our full range of compact packagings

Technical information

- · Hinge type: Pinning
- · Closing type: Push button
- · Outer pack shape: cylindrical
- · Mirror: available
- · Packsize diameter: 76,5 mm
- · Packsize height: 24,3 mm
- · Pan diameter: 59,1 mm
- Material: SAN/ABS
- · Transparent cover: not available

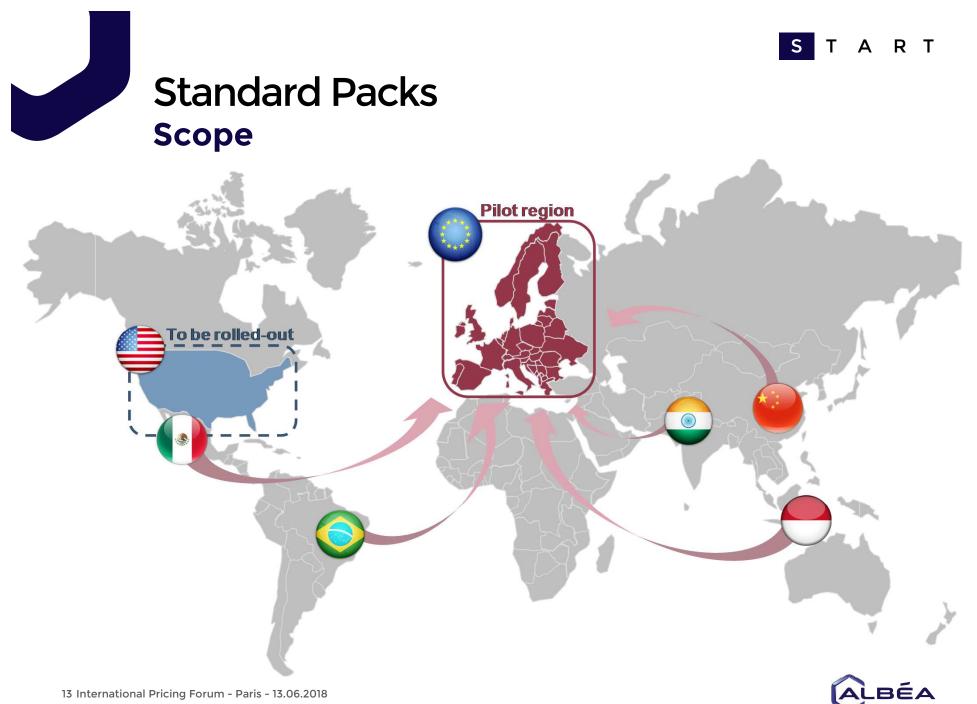
K-107

· Contact us to discover our full range of mascara packagings

Technical information

- · Bottle shape: Cylindrical
- Bottle length : 47,4 mm
- · Bottle diameter : 16 mm
- Filling capacity : 6,5 ml
- · Bottle material : PETG
- · Internal thread diameter: 12 mm
- · Cap reference : CN-108-S1
- · Cap length : 36,2 mm
- · Cap diameter : 15,8 mm
- · Cap material : Plastic
- Other caps available references: FCK-011A/FCK-011A-1









Standard Packs The way forward...



1. Starting base of 150+ standard packs from Marketing



2. Weekly workshops to define customer needs and product configuration details: Periodic consultation with KAMs;



Identification of 3. priority packs and anchor* packs



4. Technical details

extraction from

catalogues and plants;



Price perception 5. workshops

5a. Pricing exercise with KAMs on

Compact, Lipstick s and Mascaras

selected packs in Compacts, Lipsticks and Mascara to assess price perception and value.

5b. Pricing workshops with Marketing to position packs around anchor packs for

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9. Test phase with Sales teams key users





Sales Team Training



PRICE

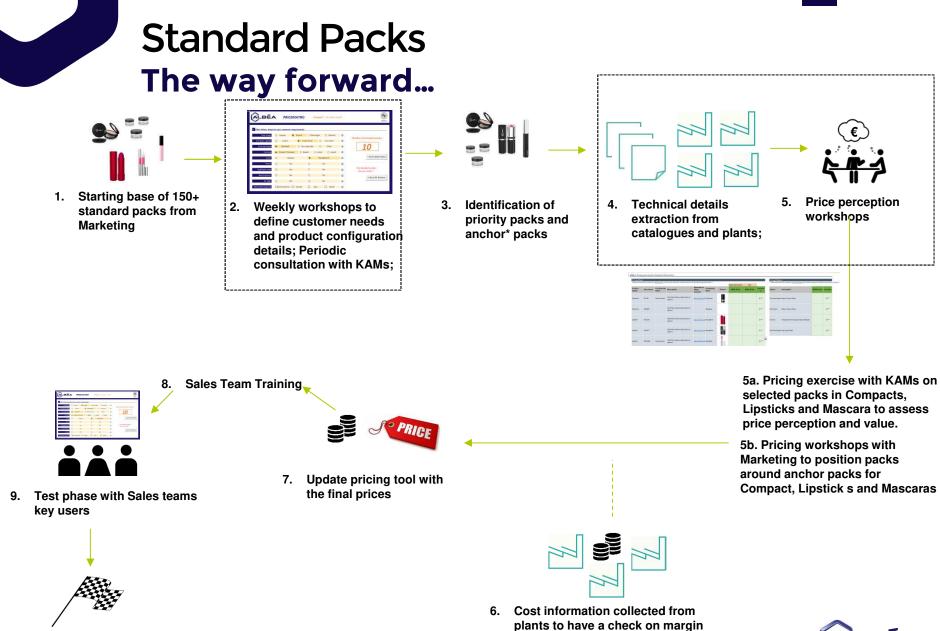
the final prices



6. Cost information collected from plants to have a check on margin







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ALBÉA



S T A R T

Standard Packs

Customer needs segmentation to get the right product

Pack Type:	Lipstick/Lip-balm/Face-stick
Formula:	Liquid/Soft/Rigid
Cup diameter:	11.3mm/12mm/12,7mm/Other
Capacity:	<2ml/2 & 4ml/>4ml
Pack shape:	Cylindrical/Square/Special
Base/Cap ratio:	50-50/Other
Air tight:	Yes/No
Filling process:	Top/Bottom/Top & Bottom
Manufacturing Area:	Americas/Europe/Asia





Standard Packs Price perception

CUSTOMER PRICE PERCEPTION (Willingness To Pay)

SALES REP PRICE PERCEPTION (Willingness To Buy)



S

R T





Standard Packs Price perception

We asked our Sales Managers

"If you were to offer this standard pack for your customer, how much would you price it at?"

- 10-12 Sales Managers were asked to price 15 anchor standard packs
- Sales Managers were told to not contact the plants for any cost information
- Pricing to be determined based on their own selling experience of similar products to Customers
- Results from the study were added to the Pricing Tool







Standard Packs Price perception

Product Family	Pack name	Commercial Name	Description	Hyperlink to Albea website	Production Plant	Picture	MOQ 30 ku	MOQ 30 ku	Currency	MOQ 30 ku	MOQ 30 ku	Currency	MOQ 25 ku	MOQ 25 ku	Currency	MOQ 30 ku	MOQ 30 ku	Currency
Facestick	ST-045	Skyline Small	Total Pack without decoration or options	https://www.all	2 Plouhinec		381	115	€/°°°	468	75	€/°°°	NA	NA	\$ /°~~	350	100	€ /°°°
Facestick	DK5097		Total Pack without decoration or options	N/A	Shanghai		438	130	\$/***	<mark>490</mark>	63	\$ /***	<mark>304</mark>	49	\$ /***	320	65	\$ /***
Lipbalm	DK1104		Total Pack without decoration or options	https://www.all	2 ZhongShan		104	53	\$ /***	145	65	\$ /***	105	53	\$ /***	100	50	\$ /***
Lipstick	DK1077		Total Pack without decoration or options	https://www.all	2 ZhongShan		220	65	\$ /***	243	70	\$ /***	213	39	\$ /***	220	65	\$ /***
Lipstick	RX12280	Parisian Kiss	Total Pack without decoration or options	https://www.all	2 Shanghai	Anna Anna Anna Anna Anna Anna Anna Anna	238	55	\$ /***	283	62	\$ /***	NA	NA	\$ /***	260	65	\$ /***
Lipstick	RX2168	Tear Drop	Total Pack without decoration or options	https://www.all	2 Shanghai		193	69	\$ /***	212	81	\$ /°°°	138	29	\$ /***	280	70	\$ /***
Lipstick	RX2169	Kiss Liner	Total Pack without decoration or options	https://www.all	2 Shanghai		183	65	\$ /***	207	80	\$ /°~~	255	78	\$ /***	280	70	\$ /***



PRICING JOURNEY

BUILDING THE PRICING TOOL



Standard Packs Customer Scoring

- Is the customer existing or prospect?
- Does the customer have business at any other product line?
- What are the customer's product quality requirements?
- What are the customer's payment terms with us?
- What is the customer's overdue situation with us?
- Does the customer receive a rebate? If yes then how much?





Standard Packs Deal + Service scoring

- Is the product for mass or specific market?
- What is the contract duration?
- Are we an exclusive supplier?
- Are we dependent on any suppliers?
- What kind of a business is this? (penetration, conversion etc.)
- Is this make-and-ship or do we have to hold inventory?
- Are raw materials indexed?
- Is there any CapEx involved?
- Are there any penalties in the contract for us or the Customer?
- Are we charging the customer for services? E.g. samples





Standard Packs Price recommendation

- Combining the 3 scores, we get a weighted average score
- Along with the weighted average score, we also review
 - If the product is for the mass market or the niche market
 - What is the annual quantity involved?
 - What region is this product for? (Asia/Europe/Americas)
- Using the above factors we get a price grid with the varying levels of discount or premium or both

	> price including Freight, Custom & Tooling											
MOQ in K units	10	25	50	75	100	200	300					
List Price / 000	820€	593€	505€	476€	459€	440€	416€					
+2,5%	840€	607€	517€	488€	470€	451€	426€					
0,0%	840€ 819€	592 €	517€	488€	470€ 459€	451€ 440€	426€ 416€					
-2,5%	799€	578€	492 €	464€	447€	429€	405€					
			470.6	452€	436€	418€	395€					
-5,0%	778€	563€	479€	452€	400 €	410.6	2226					



PRICING TOOL

INITIAL RESULTS



Pricing tool Initial results

Albé	A						PRICE	MAT	ri X	STOCK ITE	MS			May 2018
HFQ Reception	Туре	Customer Country	Product Segment	Brand Positioning	Pack name	Albea Plant	Annual Volume (K	Quoted MOQ	Quoted Price/000	Estimated Turnover	КАМ	Status	Comments	# OF QUOTATIONS BY PRODUCT SEGMENT
2017/12/13	PROSPECT	GERMANY	MASCARA	MASS MARKET	New Orleans	BOTTANUCC	50	25	4501	22 500 1	LARDIN MARYLINE	Presented	On hold at the moment/ project could be started with sunset pack	8
2017/12/15	EXISTING	GERMANY	LIPGLOSS	MASS MARKET	Deserto	BOTTANUCC	100	10	5601	56 000 1	LARDIN MARYLINE	Lost	Customer chose a competitor's pack with a different applicator shape than ours.	
2017/12/19	EXISTING	GERMANY	LIPGLOSS	MASS MARKET	Lumiere	BOTTANUCC	150	25	410 (615001	LARDIN MARYLINE	Killed by Cus	tomer	5 5
2018/4/3	EXISTING	ITALY	MASCARA	MASS MARKET	Memoire	BOTTANUCC	50	25	3701	18 475 (MOGNONI TIZIANA	Presented		
2018/4/3	EXISTING	ITALY	MASCARA	MASS MARKET	Deserto	BOTTANUCC	50	25	484 (24 200 (MOGNONI TIZIANA	Presented		
2018/3/21	EXISTING	ITALY	LIPGLOSS	MASS MARKET	Lumiere	BOTTANUCC	50	10	5201	26 000 1	MOGNONI TIZIANA	Presented		MASCARA LIPGLOSS STICK
2018/2/28	EXISTING	ITALY	MASCARA	MASS MARKET	Sunset	BOTTANUCC	50	25	547 (27 355	WATTRIPONT OLIVIE	R Draft	Test quotation	
2018/4/10	PROSPECT	FRANCE	STICK	MASS MARKET	RX1251	SHANGHAI	200	200	2501	50 000 (François Turk	Lost	Full service quotation lost due to overall price. Pack price is ok.	
2018/4/10	PROSPECT	France	STICK	MASS MARKET	L-102-2	ZONGSHAN	200	100	310 (62 000 1	François Turk	Lost	Full service quotation lost due to overall price. Pack price is ok.	# OF QUOTATIONS BY PLANT
2018/4/11	EXISTING	ITALY	MASCARA	MASS MARKET	Memoire	BOTTANUCC	50	10	6861	34 285	MOGNONI TIZIANA	Presented		13
2018/4/17	EXISTING	ITALY	STICK	MASS MARKET	LS-083	SEMARANG	100	0	01	01	MOGNONI TIZIANA	Draft	Several MOQ prices being considered	
2018/4/19	PROSPECT	ITALY	STICK	MASS MARKET	DK1181	SHANGHAI	100	30	475)	47 500 (BANO MERITXELL	Presented		
2018/4/24	EXISTING	ITALY	MASCARA	SELECTIVE MARK	E Memoire	BOTTANUCC	500	50	4631	231 500 (MOGNONI TIZIANA	Draft	Project includes other mascara that will be quoted along with Memoire	3 1 1
2018/4/20	EXISTING	germany	LIPGLOSS	MASS MARKET	Equilibre	BOTTANUCC	150	25	5701	85 500 (LARDIN MARYLINE	Presented	Project launch in autumn 2019. Prices quoted for 25/50/100 MOQ	BOTTANUCO SHANGHAI SEMARANG ZONGSHAN
2018/4/20	EXISTING	germany	LIPGLOSS	MASS MARKET	Equilibre	BOTTANUCC	150	25	5801	87 000	LARDIN MARYLINE	Presented	Project launch in autumn 2019. Prices quoted for 25/50/100 MOQ	
2018/5/3	EXISTING	ITALY	MASCARA	MASS MARKET	Memoire	BOTTANUCC	300	100	3301	99 000 (MOGNONI TIZIANA	Presented		MOST QUOTED STOCK ITEMS
2018/4/24	PROSPECT	FRANCE	MASCARA	SELECTIVE MARK	E New Orleans	BOTTANUCC	15	10	8691	13 035 (JAMIESON CATHERI	NI Presented		6
2018/5/9	EXISTING	ITALY	STICK	MASS MARKET	RX2168	SHANGHAI	300	10	\$464	\$139 200	MOGNONI TIZIANA	Presented		
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PRICING TOOL

TAKEAWAYS



Pricing tool Takeaways

- Governance
 - Keep Executive Committee and Sales Directors always in the loop
 - Massive coordination effort across teams to update the tool This takes time. Be patient!
 - Portfolio rationalization New standard packs waiting to come in; Some of them are outdated
 - Periodic refresher trainings on the pricing tool Making sure Sales are using the pricing tool the right way
- Pricing
 - Costs, FX and resin impact on prices Always keep an eye on this!
 - Regular price reviews with Sales reps and Sales directors on quotations
 - Review discount corridors every 6 months



THANK YOU!



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