



Cumberland Packaging Ltd

MANUFACTURERS OF CORRUGATED PACKAGING

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Dear Customer,

September 2017 Price Increase

Reluctantly, I am writing to you yet again with news of yet another price increase.

As has been widely reported in the packaging industry press we have been facing the possibility of significant cost increases in fibre based raw materials, which has now become a harsh reality.

Strong global demand for both recycled and virgin paper has led to a tightening of supply, which is driving key players in an already streamlined supply chain to confidently seek further price increases.

At times like this it is important not to undervalue the significance of a stable and secure supply chain, 2017 has already seen several companies in our sector fall over as they have not been able to secure enough paper tonnage. As one of the largest independent suppliers of corrugated in the UK, Cumberland Packaging, naturally, has a good spread of purchasing power with all the UK sheet-feeders and consequently will be able to support your needs as per normal.

Seasoned buyers - will recall similar times over the last 20 years and for the new generation this will be a sharp learning curve. Prices go up and prices go down, as a result of worldwide economic forces.

The market is the market and when the key players in charge of European and Worldwide manufacture and supply of paper and board see the opportunity to control supply and introduce increases - we have no option but to pass on these increases – we only make boxes and the material content accounts for approximately 85% of the cost of our finished product supplied to you

Cumberland Packaging have a strong reputation in the South East - of which we are proud - for consistently providing highly competitive prices.

Post Brexit, we as a business and we as business owners / managers are facing very challenging times.

To this effect and as a result of unavoidable price increases to our cost base ie the cost of board, we have no other option but to write to you about a much unwanted price increase, at short notice.

Our price will be increasing by 7.5 % for all deliveries made from Monday 11th September 2017. Sheet board prices will also be increasing by 9.00% from this date.

Please be assured of our on-going commitment to help you to buy competitively, by looking at alternative options – summary figures below - which will help to offset some of this most unwelcome increase to your cost base.

Take a sideways step with your current grade

Where possible a change from Kraft to TL2 (very popular in Europe) will yield a 3 % saving.

Are your current board grades over spec'd ?

Other consideration should be a review of the performance criteria of your current grades, please see comparison strength tables below.

Singlewall

Current Grade	Next Grade Down	Strength Trade Off	Saving
125 GSM	NA	NA	NA
150 GSM	125 GSM	-10%	4%
200 GSM	150 GSM	-21%	15%
300 GSM	200 GSM	-19%	20%

Doublewall

Current Grade	Next Grade Down	Strength Trade Off	Saving
125 GSM	NA	NA	NA
150 GSM	125 GSM	-15%	2%
200 GSM	150 GSM	-9%	15%
300 GSM	200 GSM	-10%	15%

A change in flute could yield a space saving of 30% for your business

Switching from BC to EB will now cost the same but reduce storage by 30% - which means you get more boxes on a pallet. EG large double wall BC cartons currently supplied qty 90 per pallet would become qty 120 in EB flute

As a business we have invested heavily over the past few years to provide highly automated manufactured boxes - cost efficiently, along the way gaining BRC, SEDEX and FSC accreditations.

Thank you for your support and loyal custom – every order you place is both valued and appreciated.

Hopefully we can weather this storm together and look forward to brighter days soon.

Yours faithfully

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