



NOTIFICATION

Re : Price Increase

Dated 23rd March 2017

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Further to my previous correspondence, after considerable market research & exploration, we now know the full extent of paper price increases from all container board paper mills. It has been a sobering exercise. The bottom line is that waste-based materials such as Test Liners and Fluting Mediums have already risen by 17-20% and Kraft by over 30%. The collective result of changes at the global, continental and UK level is seismic; suffice to say that we're in an aggressive sellers' market and - like everyone else - we are having to pay these increases now.

The bad news is that this will not end here and the Paper Mills have every intention of implementing further increases. With hefty double-digit increases of this magnitude, I am sure you will understand that we must increase our prices to sustain our business. It's a tough market for us all and you will not be surprised that we - like everyone else - don't have anything approaching these sorts of margins up our sleeve.

Hence, we will increase our prices by 11% from the 3rd of April 2017 and a new price list will be issued to you shortly.

This will be followed up by a second increase to take effect in May or early June; the exact date and level of the increase will be notified in due course. In taking a stepped approach we are trying to help our customers to adjust to dramatically higher paper prices, which are now the highest I have known them in my 37 years in the industry.

Even at this new level we will require the second increase before settling onto a healthy, sustainable commercial footing. This will also include urgently needed adjustments to accommodate the higher national living wage, which is in the process of rising by 40% over the course of this parliament (the next step change is in April).

This will doubtless be unwelcome news and I won't delve further into the background to this significant price adjustment at this stage. As an industry, we will all have to find ways of adjusting to these realities and stay strong. For our part at Onboard Corrugated, we will be investing heavily in our corrugators and materials handling over the next 4-5 months to enable us to best serve our customers in the years ahead. We have no intention of letting our customers down and will continue to do our best despite the fact that unusual circumstances this time (Kraft production loss over million tons a year & currency exchange levels) have really strangled us for the time being.

Yours sincerely

Paul Jundu