



3 ARMSTRONG RD ALBANY
PO BOX 100-455
NORTH SHORE 0745
AUCKLAND NEW ZEALAND
TELEPHONE 64-9-414 1700
FACSIMILE 64-9-414 1701
WEB rapidlabels.co.nz

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Open Letter
For Rapid Labels Customers
Account Managers to distribute
1 page, commercial in confidence

Raw Material Price Increases
Notification effective 1 June 2010

Please be advised that our self adhesive paper manufacturers have given us notice of between 4-7% increase in raw material prices, effective 1 July.

Even though our dollar has made imported product more affordable there is considerable pricing pressure on the raw material inputs. These include Pulp (Paper Face Stocks), LDPE Granulates (PE Films), PP Homo Injection (PP Films), Polyester Granulates (PET Liner), Butal Acrylate (Adhesive) and Platinum (Silicone).

The price pressure on Pulp has been further exacerbated by paper mill closures & consolidations, plus the Chilean earthquake has made 10 mills temporarily inoperable - which means China is taking pulp out of Europe. It also appears that many raw material suppliers are struggling to respond to a higher demand in 2010 after sharply reducing their supply volumes during the financial crisis in 2009.

We have negotiated some relief on key lines, but we do now need to signal to our clients that prices are on the move.

For quotes from Monday 31 May, the new raw material costs will be used in our pricing calculations. That will mean that slightly higher prices will start feeding through mid to late June.

I can also say that if things change, we will be back to the table on your behalf and would happily write another letter announcing a set of decreases.

I should also note that the Rapid Labels Prepress Rate Card (download from our website) has been reviewed, and that from 18.5.10 some costs have moved.

I'd welcome a call from you any time, best regards.

Greg Howell
General Manager
DDI 09-4141731
Mobile 0275-605605
Email greg.howell@rapidlabels.co.nz

