



CHANGE THE GAME

Strength through innovation



To be the leading innovative sales and marketing company for New Zealand strongwool.

Shareholder Communication #86 19 September 2017

From the Chief Executive Grower Road Show Meetings

It was great to see so many shareholders attend our recent roadshow meetings that we held throughout the country recently. Thanks to those of you who took the time to attend so that you could better understand the innovative commercial opportunities that your company is working on and the progress that is being made.

We appreciated the high level of grower engagement which provided a platform for open discussion on key topics and feedback is always welcome. Although every region in the country is different, and has its own challenges, there were some consistent themes that came through. Following is a summary of the key themes:

Wool Market: general frustration regarding the current market conditions and concern over the time it will take to correct and improve.

Encouraging attendance of non shareholders frustrated with the traditional sales models and looking for new alternatives.

New Technologies: support for the innovative technologies, why they are being developed and

an indication of what they could deliver for growers. Good potential with the ability for them to be used over a wide range of wool types into a variety of markets and product uses.

Forward Contracts: strong support for the Lambswool and Second Shear contracts, clear message that growers need to see more contracts across a broader range of wool types, with focus on full-fleece and higher colour tolerance.

High level of support for the new Grower Contract Allocation Process.

Sales Options: significant interest in the additional and improved sales options that includes Owners Account and the ability for growers to benefit from scoured wool consignments to be consolidated on grower's behalf and presented for sale in 20 ton scoured lots.

WMDC: appreciated a greater understanding of where the WMDC has been invested.

Collaboration: improved visibility regarding the degree of collaboration that the company was currently engaged with, both on the supply side and through in to the market. Genuine interest in consolidation with other grower aligned

entities where it gained value for WNZ grower shareholders.

Questionnaires: over 75% of the attending growers completed the questionnaire with feedback indicating strong overall support with the company's strategies and where the WMDC is invested.

- Noteworthy responses and support on the following topics which will assist the Board with future planning:
 - Grower Shareholder recognition for WMDC contributions
 - Marketing/ Innovation Fee post June 2018 to continue investment
 - Treatment of new (non-foundational) shareholders including their access to contracts and technologies
- Strong support in the WNZ bottom line :
Commitment, investment, patience & persistence, profitability

New Lambswool Contract

Wools of New Zealand is pleased to announce a new lambswool contract which is available to all WNZ shareholders and suppliers. The terms and conditions are the same as the earlier contract offered in June 2017.

SPECIFICATIONS

- Micron: 28.0 - 31.5
- Length: 2" – 3"
- VM: 0.0 – 0.2
- Colour: Y-Z 0.0 – 2.0

PRICING

- \$4.50/kg clean (28.0 - 30.0 Mic + 0.0 VM + 0.0 - 1.0 Y-Z)
- \$4.20/kg clean (30.1 - 31.0 Mic or 0.1 VM or 1.1 - 1.5 Y-Z)
- \$4.00/kg clean (31.1 - 31.5 Mic or 0.2 VM or 1.6 - 2.0 Y-Z - limited volumes)

Contact your Grower Liaison for more information and a contract. This contract closes Friday 29 September 2017.

MARKET INITIATIVES

Wools of New Zealand partner Crucial Trading

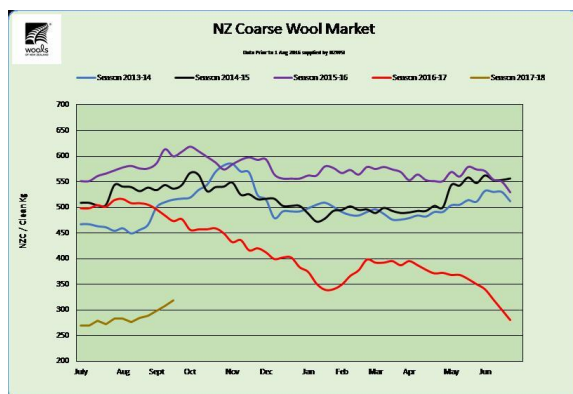
www.crucial-trading.com

Crucial Trading will be explaining the benefits of New Zealand wool with new imagery (example below) and tags to WOOLSNZ on their social media feeds. The new imagery, which features Fabulous in Wools of New Zealand Laneve wool will be promoted at the Decorex show in London that started Sunday 17th September. Decorex is internationally renowned for being the destination where interior design professionals discover the finest and most coveted luxury products from new, emerging and established talent.



Market Conditions

- The 2017-2018 wool season has started off on a positive note with the coarse crossbred wool indicator increasing by 18% since 1 July 2017 albeit still at unprofitable levels
- This is an encouraging sign given the difficult market conditions growers experienced during the previous wool season
- This market improvement has seen increased international activity for buyers of New Zealand wool from the UK, Europe and Asian markets
- Although we are only at the start of the fine crossbred wool season we can report that prices have improved 12% in one month



General

A reminder to ensure all bales ideally weigh between 160-180Kgs. Bales in excess of 200 kgs pose Health and Safety risks for wool handlers and growers will be charged for repacking these bales. Bales less than 100 kgs are unable to be stacked and will be treated as bin bales.

Please ensure wool spec sheets are sent to direct2scour@woolsnz.com as soon as possible once the wool has left your shed. A copy of the spec sheet must always accompany the truck and the wool on the truck must match what is on the spec sheet. If wool is self-delivered direct from farm, the spec sheet must clearly note this.

Regards,

Rosstan Mazey
Chief Executive

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