

Wools of New Zealand Shareholder Communication No. 45  
14 December 2014

### From the Chief Executive

2014 has been a defining year for Wools of New Zealand. With your support we're well on the road to recording a maiden profit this year, on the back of initiatives such as Direct to Scour (D2S), our Stable Price Mechanism and STAPLE – all designed to support our market pull strategy and bring certainty to your business.

When we invested in this company we had a clear vision: to be the leading innovative sales and marketing company for New Zealand strong wool.

To do that we needed to test new pricing and supply models. We needed to forge relationships with major players in New Zealand and internationally. We needed to focus on product innovations and new markets.

We've made great progress. We have had our detractors, primarily those people and companies who have no interest in wool past the auction and are really only interested in clipping the ticket.

In fact the majority of growers who have supplied through D2S are instant converts. Growers like Garry McCorkindale from Lawrence, for example, who tested the system by splitting his consignment of 25 bales of Perendale hogget fleece plus oddments between auction and D2S during the same week, achieving an additional 20 c/kg greasy for the fleece and an amazing 80 c/kg (clean) over the auction price for oddments.

In his words: "D2S has proved itself to be better value than the weekly auction and the premium gained more than covered my WMDC. I believe the ground work the company has been doing



since its start not much more than a year ago will see wool being more valued, by all parties in the chain, for the great product it is. Keep up the good work!"

### New Laneve Contracts – Second Shear for delivery December, January, February

The response to the Laneve 2nd shear contract has been immediate and we're now very close to fulfilling December volumes. Act now to ensure you get into the January contract, providing us with your "best guess" delivery date to ensure we can meet our delivery commitments to your International customers in the new year.

#### Contract A – 2-3" Shears

\*(1 Dec 2014 – 27 Feb 2015)

Length	2-3 inch
Micron Range	35.0-39.0
Y-Z	2.5 max
VM	0.1 max
Price (Dec)	\$4.90/kg (clean)

#### Contract B – 2-4" Shears

\*(1 Dec 2014 – 27 Feb 2015)

Length	2-4 inch
Micron Range	35.0-39.0
Y-Z	2.5 max
VM	0.1 max
Price (Dec)	\$5.15/kg (clean)

- \* Once the required volumes are met – the current contract will be classified as filled. If you miss out on the December contract we can place you on a waiting list for the new January 2015 contract and contact you early January with the new pricing.

## Camira Lamb's Wool Contract

We have made good progress in fulfilling this contract. There is still availability for the supply of compliant lamb's wool. Please refer our website or contact us directly for terms of the contract.

### Camira Contract – 2-3" Lamb's Wool

Length	2-3 inch
Micron Range	28.0-30.0
Y-Z	1.0 Max
VM	0.0 Max
Delivery	Dec 2014 - May 2015
Price	\$6.25/Kg (clean)

Finally, a timely reminder that your wool is a valuable asset. This past week a Canterbury grower had 15-20 unmarked bales stolen from his shed. Please be vigilant, ensure your bales are clearly marked as soon as they are produced and that we lock our sheds.

Please note the following trading times during the Christmas / New Year break:

- WNZ office (NZ) – closed 25 December - 5 January 2015 (*we will be checking emails and phone messages*)

Wool stores:

- Kaputone – closed 19 December - 5 January 2015
- Whakatu – closed 23 December - 5 January 2015
- Note: wool received after 22 Dec won't be appraised/priced until the new year,

Enjoy the festive season!

Ross Townshend

## Market Report

The North Island auction of 6,000 bales this week saw a 95% clearance with good style wools holding their ground and poorer styles

easing. The weighted indicator for the main trading currencies was 0.56% stronger but had minimal impact on the market with supply/demand factors being the current market driver.

Full length Fine Crossbred Fleece was firm to 3.5% dearer with shorter types generally firm to 2% easier. Good style long Coarse Crossbred Fleece remained fully firm with poorer styles up to 3% cheaper.

Coarse Second Shears were mostly firm except the very short end which ranged from 1-4% stronger. Long Oddments were firm with good colour short oddments 6-8% dearer and poor colour 1-4% cheaper. Next sale on 18 December comprises approximately 6,500 bales from the North Island and 5,700 bales from the South Island.



## Contact Us

Please contact your regional Supplier Liaison Officer (SLO) directly if you wish to discuss anything.

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