

Wools of New Zealand Shareholder Communication No. 50
18 March 2015

From the Chairman

Timaru Scour Visit

A tour of Canterbury Wool Scourer in Timaru last week proved informative for a number of WNZ shareholders and staff.

Thanks to Nigel Hales and Tony Cunningham of Cavalier Woolscourers for walking us through the full process and providing some great insight into the scope and capabilities of one of the largest wool scourers in the world. Some facts and figures:

- Canterbury Wool Scourer has two scour lines, a 3-metre ANDAR plant and a 2.4 metre Mentec plant, processing Crossbred wool, Merino, and specialty fibres such as alpaca and mohair
- The scour processes between 900 -1,000 bales of wool per day 24/7 depending on wool types and demand
- At any stage there are between 4-5,000 bales awaiting processing, less than one week's production
- With the capability to wash wools from 10 micron (superfine Merino) through to 40 micron crossbred, Canterbury Wool Scourer is unique in that it can wash both fine and coarse wool at same facility
- The South Island scour has capacity to clean more than one million kilograms of greasy wool per week. Combined with Awatoto in Napier, total capacity is more than 2 million kilograms per week
- The scour uses about 11 litres of water per greasy kilogram of wool, well below the industry standard 30 litres / kg.

One of WNZ's strategies is to provide the opportunity to all of our shareholders and supporters to understand the process that wool goes through from farm to floor, something which we as growers can gain from. If you're interested in visiting a scour or gaining an understanding of the complete supply chain and processes please contact Brent Melville, 021 876 636 or email brent.melville@woolnz.com



Some interesting items found in wool

Bridget Russell (SLO Lower SI) and Tony Cunningham, COO Cavalier Woolscourers

Current Contract Options

Specs	Laneve	SPM
Length	2-4"	2-3"
Micron	35 - 39	35 -39
Y-Z Colour	2.0 max	2.5 max
VM %	0.1 max	0.1 max
Delivery	March, April 2015	1 st , 2 nd , 3 rd or 4 th Quarter 2015
Price	\$5.00 kg (clean)	\$5.00 kg (clean) + Qtrly price review

*Once required volumes are met the current contract will be classified as filled.

Stable Price Mechanism (SPM) Contracts

"Forward" contract your wool now!

WNZ can issue a contract now for wool produced at any stage of 2015.

With an opening price which is ahead of current spot market levels the SPM contract offers the flexibility to participate in 50% of any upward movement of the spot market price while protecting you from 50% of any downward movement in the spot market.

Spread your risk and lock into a price that you can plan with!

The wool type is good colour second shear 2-3"-2-4" length. There is some flexibility around the specs so if your wool is close there is a good chance we can still take it into contract for delivery to our international customers.

For further information or to receive a contract contact your local SLO.

Camira Lamb's Wool Contract

The Camira lamb's wool contract is now filled and has been closed. We thank all growers who committed to this contract.

We still look forward to receiving the lamb's wool for those growers who have committed to the contract but are yet to deliver.

Spec Sheet

A reminder to take care with your specification sheets and ensure that they are completed correctly and that the wool that goes on the truck matches what is on the spec sheet.

Please also ensure Wool Logistics are informed that your wool is on its way.

As our logistics service provider they will ensure the scour store is open and have adequate staff on hand in readiness to handle your wool deliveries.

Reduce Your Handling Costs

The introduction of a small line charge of 18c/kg on 3 bales and less – to reflect additional handling, holding and administrative costs which are proportionally higher than your main lines has recently been introduced. This can be avoided by sending lines of 4 bales and more.

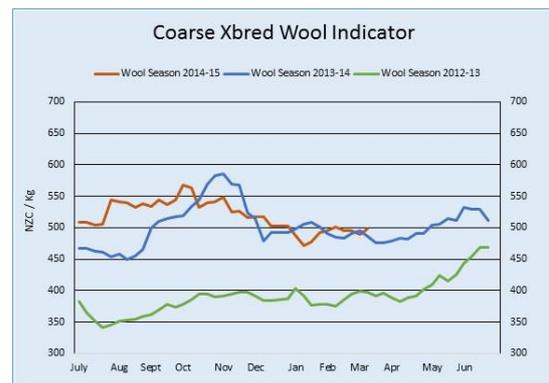
The cost for bin bales is 35c/kg which also reflects the extra handling required to identify the various different wool types within a bin bale.

These costs can often be hidden, which is not in the best interests of growers.

Mark Shadbolt
Chairman, Wools of New Zealand

Market Report

The weaker New Zealand dollar particularly against the US dollar saw all categories dearer at last week's South Island sale. Of the 8,000 bales on offer, 90% sold. Fine Crossbred Fleece were 4% dearer with the second shears 1-3% firmer. Coarse Full Fleece were 1-4% strong with poorer styles lifting the most. Coarse shears were 1-3% firmer. Fine First Lambs lifted 1% with 28.5 micron and coarser increasing 3-4%, pushed by ongoing strong demand. Long Oddments increased 2% with Short Oddments firm to 2% dearer. Next sale on 19 March comprises approximately 10,500 bales from the North Island and 6,700 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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