

Wools of New Zealand Shareholder Communication No. 51
3 April 2015

From the Chairman

Laneve FLEXI-FORWARD Contracts

To avoid confusion with our on-going STAPLE™ commitment programme we have renamed our “Stable Price Mechanism (SPM) Contract” to now be known as a “Laneve Flexi-Forward Contract”. To that end the first quarter being 31 March triggered the first ever price review for Flexi-Forwards. Those growers that signed a contract in the first quarter for wool delivery 2nd, 3rd, 4th quarter have had no change to their \$5.00/kg price for the next quarter. This currently puts them approximately 30-40c ahead of the spot market for that wool type.

Current Wool Contract Options

Laneve FLEXI-Forward Contract (previously known as SPM)

Length	2-3"
Micron	35-39
Y-Z Colour	2.5 max
VM%	0.1 max
Delivery	Q3 – July-September 2015*
	Q4 – October-December 2015**
Price/kg clean	\$4.90
* Plus 1 Quarterly Price Review	
** Plus 2 Quarterly Price Review	

Laneve Fixed Price Contracts

Length	2-4"	2-3"
Micron	35-39	35-39
Y-Z Colour	2.0 max	2.0 max
VM%	0.1 max	0.1 max
Delivery	April-June 2015	April-June 2015
Price/kg clean	\$4.90	\$4.85

Domotex Shanghai

I have just returned from China visiting a number of WNZ partners discussing commercial

opportunities as well as attending the Domotex Shanghai trade show. The show was well attended by many of our Asia partners and some from Europe as well.

Key points:

The WNZ rug competition at Domotex is very well supported by a number of high end hand tufters demonstrating very high quality, exciting designs, colours and textures and qualifying the need for Wool from NZ

- The flooring market is buoyant in Asia but with a reliance on exports to the US and Europe particularly at the high end and the contract sector (hotels, cruise ships, aircraft and luxury apartments)
- Printed carpets are the latest innovation with the ability to produce high quality carpets in any colour range. Quality good coloured NZ wool is required for this process to allow definition of design and colour
- Our Asia partners are turning to WNZ for new and innovative ideas and opportunities to differentiate their products in a very competitive market. We will update some of these opportunities as they are commercialised. The bottom line is they are looking for WNZ to supply the wool and services as a combo



The Asia market is maturing with a greater recognition for wool rich products. A greater range of wool types up

to 36 microns are now being transformed into textiles which creates an opportunity and further demand for NZ wool.

Wool Scour Merger

An important condition of the merger of the scouring assets of Cavalier Wool Holdings (CWH) and NZ Wool Services International (WSI) has been Commerce Commission approval. This hurdle has now been overcome. It's a big step in the process and we expect a final determination will be completed within the next month. As growers and marketers of New Zealand wool, we share the view that the merger is a significant opportunity for New Zealand's scouring industry to maintain a globally competitive position providing integrity and quality control of the product while right-sizing the industry in line with current wool volumes.

Scour Delays

Uncertainty as to the future of the scours has contributed to delays in wool processing, which have been felt at Whakatu particularly, which is behind in its throughput. We are actively involving ourselves in finding a solution to this with both WSI and CWH through this transition phase. We appreciate your patience and understanding at this time.

'Shed Meetings'

We are in the early stage planning of a series of shed meetings through late April, May and June. This is a different concept to our usual roadshow Autumn series and we think the grass roots discussion and smaller groups of growers will allow a greater connection for our shareholders and suppliers to meet with directors and staff particularly our SLO's who are the face of WNZ to growers. Should you have a discussion group or small group of farmers and you would like a visit for a shed meeting please contact your SLO or the WNZ office. We intend to have a full roadshow series in November and have some in market people attending do that you can meet them first hand.

Finally, be sure to 'Like' WNZ's Facebook page at: www.facebook.com/woolsnz; it's loaded with interesting information about our product and our clients.

Mark Shadbolt
Chairman, Wools of New Zealand

Market Report

The North Island offering this week saw a slightly dearer market compared to the last North Island auction, aided by a softer New Zealand dollar. Of the 7,900 bales on offer 93% sold.

Prices for most types between selling centres are now becoming more comparable as seasonal volumes start to reduce. Compared to the last North Island auction on 19 March, Fine Crossbred Full Fleece were 1% dearer with short wools 2-4% dearer, bringing this sector closer to the previous week's South Island auction levels.

Full length Coarse Crossbred Fleece were 1% firmer with longer shears 1-2% dearer and shorter shears firm. Lambs Fleece 30 micron and finer were firm to 1.5% cheaper with coarser types firm.

Long Oddments improved 3-5% with good colour short oddments lifting 6-8% as are now in short supply, with poor styles 1.5% dearer.



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