

**Wools of New Zealand Shareholder Communication No. 53**  
**26 May 2015**

### **From the Executive Chairman**

I am currently in the UK where I am meeting with our UK team at the Centre of Wool Excellence and brand partners in an effort to advance wool sales and downstream brand opportunities for commercial benefit to both parties. It is pleasing the progress made and respect that WNZ have in the marketplace. As an example we met with Headlam (probably the largest flooring distributor in the UK) who already carry a number of products developed by the Centre of Wool Excellence under our retail programmes. Following a presentation by Joanna Ramsden, WNZ's creative manager, highlighting the 2016 colours and designs, one of Headlam team described the products and innovation as follows:

"Very rarely do we get such innovation placed in front of us. These products are a breath of fresh air."

These comments highlight the value of the WNZ brand presence and abilities well beyond wool supply alone. As growers, we need to recognise that the process of placing these products in the marketplace can take up to two years which we have highlighted on many occasions. Progress is being made.

Further updates will be available on my return particularly in the shed meetings. The bottom line is WNZ do have a variety of opportunities and while current price levels are positive for growers, there are always the concerns from the market of the volatility of the current sales model.

Latest figures from Statistics New Zealand that New Zealand sheep numbers have dropped below 30 million sheep (29.8 million) for the first time since WWII is a reminder that we are operating in a shrinking industry.

It's a reminder also that we need to be attentive to other opportunities to derive income from our excellent product, driven by smarter marketing and the advent of new technologies that make our fibre more competitive to the synthetic equivalent.

### **2015/2016 Staple Programme**

The new simplified 2015/2016 Staple® commitment programme was mailed late last week. As a critical planning tool for our company we are keen to get a commitment from the majority of our shareholders.

Those who sign up to Staple® will benefit from:

- Preferential access to WNZ and Laneve supply contracts
- Immediate communication on contract supply options and specifications as they become available
- Participation in the WNZ 'Grower of the Year' Award.

We would urge you to fill the commitment form in and return promptly

## New Fixed-Price Forward Contract

Wools of New Zealand has concluded a new contract for a European customer making Laneve branded yarn for manufacture into WNZ Laneve branded carpets.

Length	2-4" (incl 3-4")
Micron	35-39
Y-Z Colour	2.0 max
VM%	0.2 max
Price	\$5.30
Delivery to scour	July 2015
	Limited Volumes

## Laneve FLEXI-Forward Contract

The Flexi-Forward contract has proven to be popular and we would urge you to act now to lock into some price certainty before the required volumes are filled for quarters 3 and 4.

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	\$5.00
	* Plus 1 Quarterly Price Review
	** Plus 2 Quarterly Price Reviews

## 'Shed' Meetings

The next round of shed meetings – our informal discussions to keep you up to speed on contracts, direct-to-scour (D2S) as well as getting valuable feedback from you – will be held on 11-12 June in mid and south Canterbury and 24-26 June in Otago / Southland.

If you are interested in hosting a meeting in your wool shed or have a discussion group, we would be happy to tailor the visit accordingly. Contact your South Island SLO directly and we will try to accommodate you.

Mark Shadbolt

## Market Report – 21 May 2015

A weaker New Zealand dollar compared to the last sale on 14 May, kept prices high despite a significant increase in the rostered quantity. Steady demand and exporters struggling to source enough wool to meet shipping requirements added extra strength to the market.

Of the 9,733 bales on offer, 91.4% sold. Merino Fleece and Mid Micron wools were generally traded at below the current Australian market levels. Fine Crossbred Full Fleece were 4% dearer with second shears 1-3% firmer.

Full length Coarse Crossbred Fleece, average style and better were 1-3% dearer with poorer styles easing 1%. Coarse Shears ranged from firm to 4% dearer. Lamb's fleece lifted by 1-3%. Long coarse oddments remained steady with short types 1-3% stronger.

Next sale on 28th May comprises approximately 7,800 bales from the North Island.



## Contact Us

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

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