

Wools of New Zealand Shareholder Communication No. 58  
11 August 2015

### From the Chairman

I am pleased to announce that WNZ has increased its 2015-16 Lamb's wool contract price to \$7.50/kg clean. The recent decline in the NZD means we are in a position to pass that benefit directly to our growers.

This increase is effective immediately and is **available up until 31 August** for wool contracted for the 2015/16 season. All shareholders that have already signed up to the lamb's wool contract will automatically receive the new improved price plus their "early bird" bonus. We thank you for your early attention and commend the number of people who acted promptly.

The improved price represents a 20% increase over last seasons' contract price of \$6.25/kg and is in line with the annual incremental growth of price and volumes for the last five years. This is a real and meaningful market linked contract connected directly to products in the market where demand is growing alongside the price. The WNZ Laneve traceability and on farm integrity programmes are all parts that assist our brand partners grow their businesses.

This is not a copycat or procurement contract and I ask growers to consider the timing of the contract and the pricing points that distinguish WNZ as a sales and marketing company. If you haven't signed a contract, I would urge you to do so to ensure you receive the benefits in your wool returns and sheep farming business.

WNZ Laneve Integrity Program EU Eco-Label Compliant Lamb's Wool Contract:

#### Key features:

- Offer ends 31 August 2015
- Available to all WNZ shareholders and supporters
- An approximate 20% increase on last season's contract price with improved payment terms
- Recognises the value of our brand partner relationships, our ability to build in-market relationships and our marketing and technical capabilities
- A real market linked contract.

#### Specifications:

- EU Eco-Label compliant\*
- Micron: 28.0-31.5
- Length: 2"-3"
- VM: 0.0-0.2
- Colour: Y-Z 0.0-2.0

#### Pricing:

- \$7.50/kg\*\* clean (28.0-30.5 Mic + 0.0 VM + 0.0-1.0 Y-Z)
- \$7.30/kg\*\* clean (30.6-31.0 Mic or 0.1 VM or 1.1-1.5 Y-Z)
- \$7.00/kg\*\* clean (31.1-31.5 Mic or 0.2 VM or 1.6-2.0 Y-Z - limited volumes)

#### Payment terms:

- 50% paid 60 days after acceptance into contract
- 50% paid 240 days after acceptance into contract

**\*To comply with EU Eco-Label standards all growers entering this contract must be WNZ Integrity Program registered and enter the contract knowing that they must comply with compliant pesticide requirements which will be subject to independent third party verification.**

## Bale Weights and Transport

A reminder to be vigilant on weights and not over press your bales. While the majority of our growers average their bale weights at about 170-180 kg, we have had a recent instance where a line varied from 83-240 kg, the latter well over the maximum of 200 kg!

Please also ensure you advise Wool Logistics even if you're sending wool directly from farm to the scour. If wool turns up unannounced there may not be staff on hand to unload the truck or the scour may be closed.

## New SLO for Upper North Island

I will be with Brent Melville in the Maniototo area from tomorrow travelling through to Central Otago and on to Southland with Bridget Russell Thursday and Friday. Contact Brent or Bridget directly on the numbers below if you are interested in attending.

Mark Shadbolt

## Fixed Price Forward Contract

### WNZ 063

Length: 2-4" (can accept slightly longer)

Micron: 35-39

Y-Z Colour: 0.0-3.0

VM: 0.0-0.1

Delivery to scour – August to October 2015

Price: \$5.50/kg clean

### WNZ 062

Length: 2-3"

Micron: 35-39

Y-Z Colour: 0.0-3.0

VM: 0.0-0.1

Delivery to scour – August to December 2015

Price: \$5.40/kg clean

### Laneve FLEXI-Forward

Length: 2-3"

Micron: 35-39

Y-Z Colour: 0.0-2.5

VM: 0.0-0.1

Delivery to scour: Q4 – Oct-Dec 2015\*

Current price: \$5.29/kg clean

\* plus 1 Quarterly Price Review

## Market Report – 6 August 2015

A continuing upward trend at last week's South Island wool sale saw prices increase. Of the 5,564 bales on offer 5,260 sold, a clearance of 95%. Compared to the last South Island sale on 30 July, a limited offering of mid micron wools 27.5 micron were 1.5% dearer, 28.5-30 micron were 5% dearer.

Fine crossbred fleece 33 and 34 micron were 3% dearer while 35 micron gained by up to 7%. Fine crossbred early shorn and second shear 34-36 micron, 3-4 inch and 2-4 inch were 1.5% dearer. Coarse crossbred early shorn and second shear types 37-39 micron 3-5 inch were 1% improved, while 36 micron 3-4 inch was 1.5% dearer. 38 micron and coarser 2-4 inch were firm and 2-3 inch was 2% dearer.



## Contact Us

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

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