

Wools of New Zealand Shareholder Communication No. 75
29 August 2016

From the Chief Executive

Direct-2-Scour Update

We are underway in both islands now with our new improved Direct-2-Scour model. After going live in Timaru on 1st August, we launched in Napier on 15th August. Good progress has been made with the key supply and logistics service providers including:

- Successful implementation of an independent and transparent wool handling and appraisal service by Cavalier Woolscourers (CWS) in both Timaru and now Napier
- Installation of wool IT management system creating efficiencies and improved grower correspondence ability
- Ability to hold part consignments of wool in non-peak periods, thereby saving additional testing fees
- New grouping of small lines and oddments (lines less than 3 bales) designed to make these types more commercially viable
- All wool of 4 bales and greater sold as individual tested lines
- Ability to choose own freight to scour or consolidate using WNZ pre-arranged freight provider.

Our new tender model has been launched successfully with growers having their wool presented to potential purchasers representing over 90% of the NZ export market, providing competitive pricing opportunities.

To date the market response has been positive with approximately 95% of wool under our tender system attracting interest from a range of purchasers. This is a good result in light of the



recent downturn caused by a strong New Zealand dollar, the impact of Brexit and limited interest out of China for New Zealand wool.

As part of establishing the new sales

platform and providing comfort to growers in these early stages, from last week growers who have sent their wool through receive the WNZ appraisal sheet. The appraisal sheet includes a current market valuation that will assist you in knowing the approximate current market levels taking into account the various qualities and attributes of your wool.

WNZ will determine at its discretion whether to accept or reject any bids for your wool. Wool will be sold at the price accepted by WNZ unless you have advised your Grower Liaison otherwise by 12pm noon Monday.

We are in the process of developing the new weekly wool schedule with leading wool broker and exporter Segard Masurel and anticipate rolling this out early next month. The schedule has been developed to offer growers a different sales option which provides a degree of price certainty before the wool leaves the shed.

You will receive an updated specification sheet book and tally book in the coming days. In the meantime, the spec sheet can be downloaded on www.woolnz.com or can be requested via email at info.nz@woolnz.com or from your Grower Liaison.

We appreciate the continued support from our grower shareholders, CWS and our WNZ team for helping make the transition to the new D2S model a smooth one across both the South and North Islands.

Woolshed Meetings

Last week we caught up with around 50 of our shareholders in meetings at Wellington, Featherston, Masterton and Pahiatua. Feedback was constructive with good debate around several key themes:

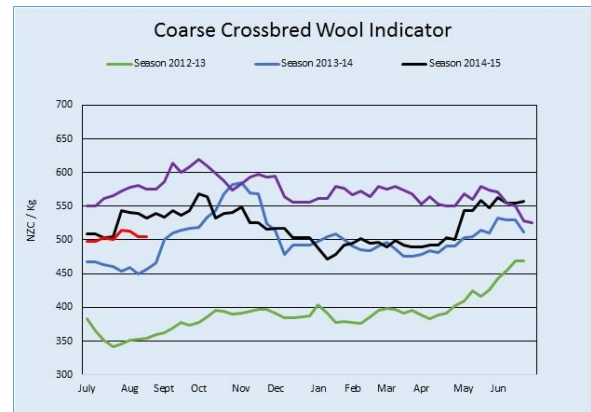
1. New technology and implications for growers – a lot of interest in scour, colour and traceability initiatives. But this needs to be better communicated particularly as it relates to potential commercial benefits back to shareholders
2. Wool contract options – shareholders want more options. This is a key area of focus for WNZ management with progress to be communicated
3. D2S – accepted that while D2S is not a game breaker the new model is an improvement on the original in terms of getting wool into the system.

This week we are heading to the Eastern North Island. We would encourage growers to attend the nearest meeting in your area (as below). We are also confirming South Island meetings and will advise you of those in the next ebulletin.

Shed Meeting	Venue	Time
Tues, 30 Aug		
Marton	David Smith's wool shed, 235 Galpins Road	10:00 am
Taihape	Taihape Rugby Club, 34 Kuku Street, Taihape	2:00 pm
Wed 31 Aug		
Dannevirke	Mangatera Pub, 391 High Street	10:30 am
Waipukurau	Vet Services Club, 43 Takapau Road	2:00 pm
Thur, 1 Sept		
Hastings	Jarks, 108 Maraekakaho Rd, Camberley	10:00 am
Wairoa	Frasertown Tavern, 736 Sutton Street	4:00 pm
Friday, 2 Sept		
Gisborne	Cosy Club, 190 Derby Street	12:00 pm

Regards,
Rosstan Mazezy

Market Update



Contact Us

Please contact your regional Grower Liaison (GL) directly if you wish to discuss anything.

Upper North Island – Jan Ross 021 897 662.
jan.ross@woolnz.com

Easter North Island – Hannah Coop
027 390 0483. hannah.coop@woolnz.com

Lower North Island – Wayne Baxter
021 529 506. wayne.baxter@woolnz.com

Upper South Island – Sharyn Miller
021 876 636. sharon.miller@woolnz.com

Upper South Island – Julie Graham
021 876 393. julie.graham@woolnz.com

Lower South Island – Bridget Russell
027 220 4737. bridget.russell@woolnz.com

General: 0800 OURWOOL 0800 687 9665

Email: info.nz@woolnz.com

www.woolnz.com