



OUR WOOL  
OUR BRAND  
OUR FUTURE

## Wools of New Zealand Shareholder Communication No. 77 10 October 2016

### From the Chief Executive

#### New Premium Priced Wool Contracts

We are pleased to announce two new second shear wool contracts.

These contracts are a result of recent negotiations with a select group of European and Asian manufacturing brand partners and demonstrate the market pull that our Wools of New Zealand and Laneve brands create, underpinned by the attributes of your wool and our innovations.

This is an opportunity for growers to secure price certainty for compliant wool at an approximate 10% premium on the current spot market. We encourage you to act quickly as the contract price is valid until 5pm Friday 14 Oct 2016, but will be close if required volumes are reached before this date.

Your Grower Liaison will be in contact with you on this contract. Please act with urgency through them to participate.

Contract specifications:

Length	2-3"	2-4"
Micron	35-39.0	35-39.0
Y-Z	2.5 max	2.5 max
VM	0.2 max	0.2 max
Price	\$4.40/kg clean	\$4.70/kg clean
Delivery	Oct 16 through to Apr 17	Nov 16, Jan, Apr, July 17

#### Down Cross Wool

We have an opportunity for a small volume of average colour, low VM, bulky down cross wool for a special project. Any growers shearing this type of wool in October or November 2016 please contact your Grower Liaison.

### WNZ Reports Maiden After Tax Profit

WNZ has announced a net after tax profit of \$1.48 million for the year ended June 2016, with a 16% increase in wool sales lifting revenue to \$31.5 million.

Operating profit increased to \$681,000, a turnaround of \$1.16 million over the prior year's loss of \$493,000. WNZ transacted 5.5 million kilograms of shareholders' wool during the year, reflected in an increase in Wool Market Development Commitment (WMDC) income to \$2.6 million, from \$2.2 million in 2015.

The company made substantial progress in several areas including improving our Direct-2-Scour logistics, processing and sales model and investing in the ongoing development of innovations to differentiate our fibre and build more value into our WNZ brands and grower contracts.

To ensure we meet our objective of progressively improving the profitability of our grower shareholders, the board and staff undertook a comprehensive strategic review of the company. The results of that review were published in tandem with our annual report last week. The start point of that strategy is the realisation that our company is made up of two business models that together seek to create both short and long-term value for our growers and customers.

The first model, "The Rock", is about doing the fundamentals better to deliver efficiencies and improve market returns. Core to this are our relationships with our grower shareholders, allowing us to build a more accurate view of supply profiles to better align with the requirements of our brand partners, continually improving our D2S model and sales options which includes the recently launched wool tender.

The second business model, the 'Game Change', relates to strategic initiatives that are focused on

building demand and adding value through meaningful innovation and differentiated offerings. I would urge you to read more by downloading directly from our website [www.ourwool.co.nz/about-us/corporate/](http://www.ourwool.co.nz/about-us/corporate/) to view WNZ 2016 Annual Report and WNZ 2016 Strategic Review.

## Shed Meetings

We continue with our ongoing shed meeting itinerary. To fully understand the Wools of New Zealand strategy, opportunities for you, and the investment into innovation and technologies, we urge you to attend if we are in your location.

## Direct 2 Scour Update

The transition from our previous D2S arrangements to the new model with Cavalier Woolscourers as our service provider has gone well.

As part of the improved D2S model, WNZ has developed the new 'Tender' sales platform. To date the tender has received strong support from purchasers who represent over 90% of New Zealand wool exports.

The Cavalier Woolscourers Super Stores in Timaru and Napier are providing us with a high level of service. We are fortunate to have their experienced wool handlers and wool assessors at these locations to ensure your wool is in safe hands. We are still ironing out a few minor issues with the new IT wool system. However all growers should be receiving the following regular communication as follows:

1. Reival Advice
2. Weight Advice
3. Test Result Notification
4. Appraisal Advices
5. Invoices

We do ask that you keep an eye on the spam and junk folders for any wool related emails. You should also have received your new Wool Specification book by now.

Wool Specification Sheets must be sent prior to, or within 24 hours of your wool leaving the shed. Please ensure any photos that are emailed are in focus and readable. Spec sheets play an extremely important part of the pre-receival process.



*Our new Scour Super Store signage in Hayes Street, Timaru*

## Contact Us

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

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