

Wools of New Zealand Shareholder Communication No. 25
14 February 2014

From the Chief Executive

Formation of Grower Advisory Panel

In order to connect better with shareholders and supporters, we have formed a Grower Advisory Panel. We have invited some members to join, generally on a regional basis and we still have some spaces if you would be interested in participating. Modelled in part on the successful Fonterra Shareholders Council and Fonterra Networker organisations, the panel will be used to 'test-drive' ideas and provide valuable feedback to our Board and management team.

The Grower Advisory Panel will also represent a potential pool of future directors and will allow us to gauge feedback from the wider wool community, in part as we contend with the efforts of others to undermine Wools of New Zealand's commercial efforts.

We will advise membership of the panel as we firm up the formation and the terms of reference.

Surfaces Trade Show

The Chairman and I attended the Las Vegas Surfaces trade show following on from the Domotex Hanover show two weeks earlier. Our USA staff managed a wider 'Wools of New Zealand' area, with a small stand for WNZ amidst about 2,000 sqm of very high quality stands representing our Premier Partners.

It is pleasing to report that there is a significant upturn in the wider US economy, in housing starts and refurbishment projects and wool is gaining ground with renewed interest by several major carpet manufacturers. This is a small step in an important market and moving from 3% wool carpet to 4% wool carpet would be a huge step forward for WNZ.

Progress with Contracts

Thank you for your efforts with the Camira and Grentex contracts. We are now making good progress towards filling both contracts, thanks to wider communications and better understanding of our objectives.

Many of you have acted on the company's behalf and assisted your friends and neighbours on to the contracts. Thank you very much for your efforts to make our company succeed. We have also done a better job of explaining the payment terms and broadened the vegetable matter (VM) spec for Camira, while lifting prices for both contracts.

There is still room for your wool on both contracts. There will also be more contracts coming from Domotex and Surfaces connections.

Grower Advisory Group

We are planning another roadshow for the weeks commencing 31 March and 7 April. There will be 12 roadshow meetings (down from 17 in the spring – and at some new locations that we will rotate next time). We will have a range of important company matters to discuss with you and some in-market presentations (similar to the spring roadshows), so that you can see where and how your wool is used. We would like wide attendance from shareholders and supporters including partners!!! You are welcome to bring friends and neighbours too, to help us spread the WNZ message.
Ross Townshend

Market Report

New Zealand Wool Services International reported the following from this week's wool sale:

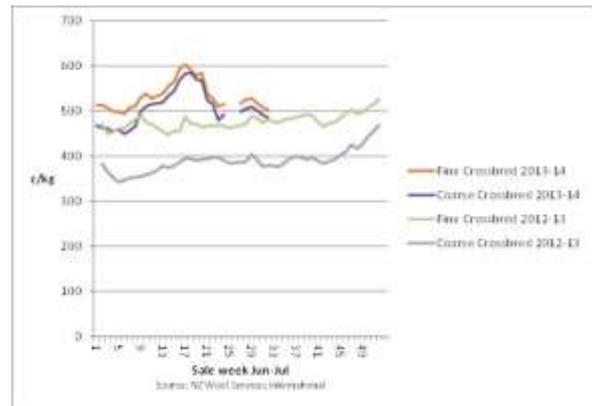
The combined North and South Island Wool auction this week comprising 13,700 bales saw an 83% clearance with an overall slightly easier market, mainly driven by a stronger New Zealand dollar compared to last sale on 5 February.

The market appears to be finely balanced between supply and demand factors with wools in shorter supply attracting better competition. Fine Crossbred Fleece and Shears ranged from firm to 2% easier.

Coarse Crossbred Fleece and Shears were also firm to 2% easier.

First Lambs varied between centres with the North Island finer types up to 2.5% cheaper and coarser types up to 1% dearer. The South Island Lambs were firm to 2% cheaper. Oddments were generally firm overall.

The next sale on 20 February comprises approximately 7,700 bales from the North Island and 6,600 from the South Island.



Contact Us

As always, please feel free to contact us if you wish to discuss anything.

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