

# CP Wool



## CARRFIELDS PRIMARY WOOL

### NEWSLETTER SPRING 2017



# Just Shorn

## *rugs reach artwork status in the US*

American interior designers have elevated humble New Zealand wool to artwork status in a recent rug design competition in San Francisco.

Carlisle, which distributes Carrfields Primary Wool (CP Wool's) range of premium New Zealand wool carpets and rugs in North America under the Just Shorn® brand, invited designers from the California Bay Area to submit their designs for rugs that could be crafted from 100% Just Shorn® New Zealand wool.

Colin McKenzie, CP Wool Group's CEO said the results were "stunning".

"The winning design can easily be described as a work of art for floors. We're immensely proud that our New Zealand-grown yarn will be used to craft such a beautiful piece. All the submissions were stunning, and the competition was a great success when you consider the profile it gives New Zealand wool as a premium option for soft flooring among US interior designers."

Participation exceeded expectations, with 26 designers contributing submissions. Designers were invited to submit an original rug design that could be crafted in a 6' x 9' size in a cut, loop or combination of textures. Participants were given a selection of 30 colours to create their one-of-a-kind design. A panel of judges voted on the designs,

which were displayed in Carlisle's San Francisco showroom.

The winner, James Hunter of the Wiseman Group, created 'Michelangelo': a smoky-brown pattern in a cut texture with loop accents.

Michelangelo will be featured in an upcoming issue of California Home + Design magazine as well as on Carlisle's website. The rug will also be added to Carlisle's retail collection and will grace the floors of upscale homes across North America.

Under CP Wool's partnership with premium flooring supplier Carlisle, the Just Shorn® range of carpets and rugs is now available through six showrooms across the US following a formal launch in May this year.

Carlisle, which is well known across North America for its luxury wide plank timber flooring, recognised the potential for New Zealand wool carpet as a complementary product among its customer base, said McKenzie.

"Americans have been slow adopters of wool carpet in their homes to date. It made sense for Carlisle, which supplies the high end of the market, to offer a premium, natural soft flooring option alongside their wood product. So far the response has

*- Continued on the next page*

*Above: Just Shorn rug*

## Message from Craig Carrfields Managing Director

Welcome to CP Wool's newsletter for spring 2017. Some warmer spring weather is finally here but the odd day of rain seems to continue after what was a long, wet and challenging winter for many.

The third quarter of this year has seen some continued growth and enhancements across our business globally, which has been made possible by our team of around 500 talented employees and contractors based around the world. We now have dedicated people on the ground in five countries: New Zealand, Australia, the US, India and Dubai. These are all local people who bring excellent knowledge and relationships to our business. Without these people, and their strong networks, our ongoing growth and commitment to our customers would not be possible.

Our people are extremely important to our business and for that reason "People" is one of the Carrfields Group's five core values. Business and life in general is in a period of rapid change globally, with technological advancements continually disrupting traditional business models and the way we do things. While we wholeheartedly embrace innovation and change, we believe at Carrfields it is vitally important in our business to retain a fundamental focus on people. Because while technology can and will keep improving productivity, nothing beats great relationships and dealing with people face to face, whether it's over the farm gate or anywhere in the world with our teams, our families, customers and suppliers.

One of the ways that we as a company are looking to nurture and grow our own people is through the further development of our Carrfields Academy programme. This is designed to give promising candidates the opportunity to join our business at various stages of their lives and develop their careers in agribusiness, as well as giving those people already working in our business additional skills and opportunities to grow and prosper.

On our customer side, Carrfields CARE (Creating, Advancing, Retaining, Excellence) focuses on continual improvement and listening to our customers' needs. Through embracing people-focused principles including customer care and good communication, we are developing a culture which aims for continual improvement and meeting the needs of our customers tomorrow.

Over the past quarter, I have very much enjoyed getting around New Zealand launching the Carrfields Vision to our team, as well as an update on the business and our plans ahead for the next three years. I have also spoken at many customer and community events in NZ which is always a pleasure. Internationally I have enjoyed visiting customers in Asia, Middle East and some parts of Africa and also visiting our new office and team in Dubai. It was great to have my father Greg, the founder of our business, join me on my recent South Africa and Dubai trip.

As we now embark on the last quarter of 2017 I will be travelling around NZ and to Europe, the Middle East, Asia, USA and India to spend time with customers, suppliers and most importantly our team of fantastic Carrfields people.

I hope you enjoy this newsletter – as always, please don't hesitate to get in touch if you have any comments.

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been great and Carlisle is now working with interior designers to put Just Shorn® carpets into the homes of customers.”

The Just Shorn® range is being produced by a small number of carpet and rug makers across the US.

The wool is sourced ethically from contracted CP Wool growers & naturally derived from pasture-based animals around NZ.

CP Wool which is spun by NZ Yarn gives these manufacturers an innovative product to work with, resulting in a superior end product, said McKenzie.

“We are providing yarns that showcase the beautiful unique characteristics of wool, that designers and customers love and that our competitors find difficult, if not impossible, to replicate.

This strategy has resulted in a product that stands apart from the rest, distributed through a supplier that is already very well known for its iconic hardwood flooring in the US, McKenzie said.



Mark Brunetz & Lonni Paul

## Timaru wool store grand opening

CP Wool will be holding a grand opening on Friday 3 November for their new Timaru wool store which became operational in July.

This is a chance for clients, truck drivers and other industry contacts to come together to see the new store.

Keep an eye on the CP Wool website and Facebook page for more information on the day.



# Marketing activities

In addition to the VIP Designer Event in NY, Carlisle has been busy promoting its new soft collection in print and online.



## New York Cottage & Gardens

A full-page ad showcasing our new collection of custom carpets and rugs, and featuring the Just Shorn brand, ran in the September issue of NYC&G.

## Promotional email

An email dedicated to the “Wonders of Wool” was distributed on September 5 to over 140,000 interior designers, home builders and architects that directed clients to Carlisle’s Design Consultants.

## Fine home show

Carlisle participated in two ASID (American Society of Interior Design) shows during August where we introduced the new custom carpet and rug collection. Designers were impressed with the designs and the exceptional quality of the products.





# NZ Yarn is making a comeback



From a business that was “essentially broken” to one recording a modest profit in less than 12 months, NZ Yarn is now poised to add value for New Zealand wool growers.

Over the past year the Canterbury yarn processor has spun its own turnaround project.

Getting back on its feet to lift returns for farmers and shareholders had been the focus of NZ Yarn’s reinvention, chief executive Colin McKenzie said.

“A year ago the business was essentially broken.

“We have reinvented, repositioned and resized operations and moved from making sizeable losses to recording our first modest profit in July,” McKenzie said.

“We are looking to a promising future and that hasn’t happened by accident.

“If you are in the wool game you have got to have patience and be in for the long haul and our shareholders, particularly Carrfields Primary Wool (CP Wool) have fully understood the strategy and been very supportive and very patient as we moved through this transition.”

NZ Yarn was 42% wool grower owned by 55 farmer investors throughout the country with CP Wool holding 58%.

McKenzie said the future of NZ wool was at the very top end of the soft flooring carpet and rug market.

“You have got to be in the homes of Maserati drivers and you have got to have a yarn that produces high apparent value, design and texture that is not achievable elsewhere.

“The whole strategy has been about establishing a differentiated yarn system that really makes the difference then identifying channel partners with

the same vision and equipment to deliver the product to the right position in the market.

“It all takes time, 12 months from the idea to the commercialisation, so it has been a slow-moving, durable product.”

But the rewards were in sight.

With new business developments and new products NZ Yarn had gone from having one customer in the United States to eight.

“And we are in some very interesting markets with bespoke rugs, luxury broadloom and tufted woven carpet.

“We have one customer where the whole business is outfitting luxury private jets and super yachts – that’s the very top end market where NZ wool needs to be.”

As part of its resizing, NZ Yarn had transformed its large Christchurch premises into the Wool Innovation Hub incorporating its own innovative yarn business; Wool Technologies, a privately-owned business making specialist wool bedding and the CP Wool showroom floor and auction room.

Procurement and logistic activities had been relocated to Timaru, which was better placed as an epicentre for wool collection.

NZ Yarn was now half way through a \$1 million capital-raise that would support further product differentiation and improve productivity and support innovation.

“It’s about funding so we can go further, faster,” McKenzie said.

The capital-raise was targeted at both existing and new farmer-based shareholding.

“We are in talks with two potentially large shareholders and hopeful of achieving the \$1m target that will allow us to install equipment that will give us the ability to expand our offshore customer base.”

McKenzie said the plan was to hit the countries with the greatest opportunity and least barriers for entry.

That was predominately North America but north Asia and Western Europe, in particular Austria, Germany and Switzerland “where there is a good affinity with wool and they are affluent” were also on the radar.

NZ Yarn was about adding value not volume and could produce yarn systems that set its product apart from what anyone else in the world was doing.

Farmers would have to invest to join the ride, McKenzie said.

“There is a lot of talk out there but not enough traction.

“The ultimate solution for farmers and the wool industry is to have a raft of value-add initiatives across different markets and product sectors but we need to produce, not just tell the story.”

NZ Yarn made and marketed high-quality spun yarns that were a reflection of traditional crossbred wools grown in NZ.

While capable of producing 200,000 kilograms of yarn a month, NZ Yarn would never be able to take all NZ’s wool.

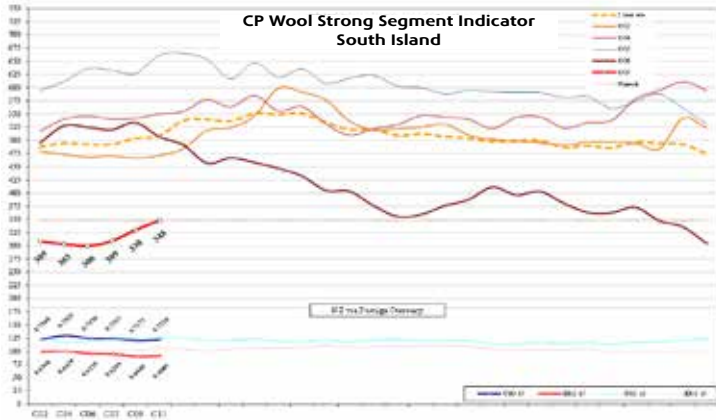
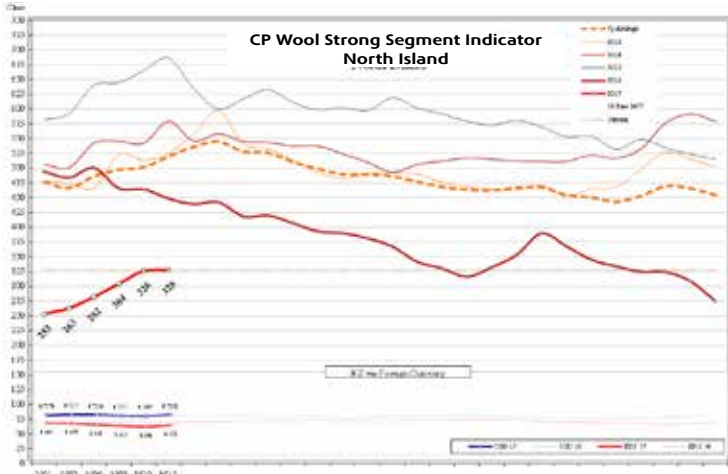
“But we will be adding value for our shareholders,” he said.

**NZ Yarn**

## CP Wool Rep Conference

In mid-August CP Wool held our annual rep conference in Ashburton. As always, it’s a fantastic opportunity for our team from around New Zealand to catch and discuss the market and share ideas and opportunities.





# Wool market report

Over the last couple of months we have finally seen some positive movement in the market which has been a relief for everyone. Most types have seen a reasonable lift of up to 10 to 20% although a long way off where we would like it. The recovery that we are all desperate to see however will be gradual and already we are seeing signs that Chinese buyers, are not prepared to pay current market prices for hogget wools. Large volumes of old and new seasons' wool are still to come on the market which will slow any recovery over the next six months.

The fine wool market opened up at the start of the 2017/18 season on a very positive note with increases year on year as follows.

16 micron plus 67%    17 micron plus 66%    18 micron plus 53%  
 19 micron plus 27%    20 micron plus 18%    23 micron plus 9%

Good inquiry from Italian buyers and Japanese interests as well as combing mills in China have pushed markets to levels not seen for many seasons. Returns for growers have been significant on the back of a good growing season where the quality of wool has been exceptional.

Prices have been right in line with the Australian levels with specialty lines extremely well sought after.

Mid micron wools have seen the same positive signs, on an average increase of up to 10% for 25.0 to 29.0 micron.

After droughts in many areas the quality of wool currently coming forward has been outstanding and with the increase in wool weights this will have a major effect on grower's bottom line.

**Simon Averill,**  
 CP Wool National Wool Manager,  
 simon.averill@cpwool.co.nz



## New Wool Representative – Milton Hulme

CP Wool are very pleased to announce the appointment of Milton Hulme to the role of Wool Representative in the Mid Canterbury area. Milton is a born and bred Mid Cantabrian and has been involved in the wool industry all of his life. Milton is a third generation of Hulmes working in the wool industry, working for his family business and then more recently with Wool Rite. Milton brings a wealth of knowledge to the business and will be looking after clients throughout the Mid Canterbury region. He can be reached at 027 229 9794.



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