

## **Media Statement**

For immediate release

Attention: Rural /Business Reporters

**01 October 2015**

### **Commerce Commission Draft Determination Authorising Merger**

Cavalier Wool Holdings (CWH) is pleased with today's release by the Commerce Commission of its draft determination in respect of the proposed merger between CWH and the scouring subsidiaries of New Zealand Wool Services International.

The proposed merger will consolidate the New Zealand wool scouring industry; right-sizing it to meet current wool volumes and ensure an efficient and world-class scouring industry is retained in New Zealand.

"This is effectively the fifth time since 2011 that consolidation of the industry has been authorised or upheld by the regulators and we are hopeful that this latest decision, which we are confident will proceed to a favourable final determination in November, will see a quick end to the uncertainty that has been hanging over the New Zealand wool industry for several years now," commented Ross George, director of CWH.

"Australian carpet manufacturer, Godfrey Hirst, has run an aggressive campaign against the merger to damage its New Zealand carpet manufacturing competitor, Cavalier Bremworth, one of three shareholders in CWH," said Mr George.

Scouring of New Zealand wool will remain subject to the competitive international market. A third of all New Zealand wool is currently exported and processed in countries such as China and Malaysia.

"Not only do we want to ensure that we retain domestic scouring volumes but we see the combined businesses as a great platform for achieving greater value through the supply chain, to the benefit of wool growers and exporters."

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For more information please contact:

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About Cavalier Wool Holdings:

Cavalier Wool Holdings is 100% New Zealand owned - 50% by Auckland based Cavalier Corporation, 25% by Direct Capital, and 25% by NZ Government owned ACC.

CWH processes greasy wool into clean wool for export on behalf of New Zealand wool exporters. It operates three plants, two of which are in Napier at Awatoto and Clive, and a plant based in Timaru.

About NZWSI:

New Zealand Wool Services International Limited (WSI) is privately owned as part of the Lempriere group of Companies. WSI operates two scouring plants: the Kaputone Wool Scour in Christchurch, and the Whakatu Wool Scour in Hawkes Bay.

WSI is New Zealand's largest wool exporter exporting wool to markets in over 30 countries around the world. WSI's global headquarters are in Christchurch, New Zealand with international offices in China and India.