

**TRADING UPDATE
NAMOI COTTON LIMITED (ASX: NAM)**

Persisting negative local and global market conditions have resulted in the need for Namoi Cotton Limited ('Namoi') to update the market on key factors which will impact the financial results for FY2020 and FY2021. These include:

- the ongoing severe drought conditions prevailing in inland New South Wales and Southern Queensland, and the related impact on cotton production and hence cotton supply to our ginning and marketing operations, impacting the balance of FY2020 and more significantly FY2021;
- current international commodity trading conditions having reduced demand for raw lint cotton and resulted in softer cotton prices. This has had a negative impact on delivery volumes and pricing of cotton for the Namoi Cotton Alliance ("NCA) business, of which Namoi Cotton has a 51% interest; and
- a significant increase in the global supply of cotton which is impacting the trading margins for NCA.

Subject to the finalisation of the FY2020 Half Yearly review of the financial statements, it is anticipated the above factors will negatively impact Namoi Cotton's share of NCA's operating results by between \$2.5 million and \$3.5 million period on period.

Namoi Cotton reaffirms its full year FY2020 net cashflow from operating activities guidance of -\$2.5m to +\$2.5m.

The FY2020 Half Yearly results are to be announced by the end of October 2019.

Namoi Chief Executive Officer Michael Renehan said: "This is an extremely challenging year for the company due to the significant disruptions we've seen in global cotton market, exacerbated by the drought in eastern Australia. We are now taking decisive action to ensure that the organisation has both the capacity and capability to work its way through the balance of this financial year, whilst maintaining operational service standards for customers".

For further information, please contact:

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