



Annual General Meeting

2018

Introduction



Namoi Cotton Ltd Shareholders



VOTING TIME

**NAMOI COTTON LTD
SHAREHOLDERS**

VOTING

RESOLUTION ONE

**ADOPTION OF
FINANCIAL
STATEMENTS**

To receive and consider the Financial Statements and Reports of the Directors and Auditor for the year ended 28 February 2018 for the Company and its controlled entities.

NO VOTE REQUIRED

**NAMOI COTTON LTD
SHAREHOLDERS**

VOTING

RESOLUTION TWO

**ADOPTION OF
DIRECTORS
REMUNERATION
REPORT**

FOR	18,067,050
AGAINST	462,315
OPEN & USEABLE	1,052,350
OPEN & CONDITIONAL	0
ABSTAIN	13,482,995
EXCLUDED	16,046,587

NAMOI COTTON LTD SHAREHOLDERS

VOTING

RESOLUTION THREE

RE-ELECTION & ELECTION OF DIRECTORS

ELECTION OF NON-EXECUTIVE DIRECTORS

Item 3a - MR TIM WATSON

Item 3b - MR GLEN PRICE

Item 3c - MR JAMES JACKSON

Item 3d - MRS JUANITA HAMPARSUM

Item 3e - MR JOSEPH DI LEO

ELECTION OF DIRECTORS

Proxy Votes	Tim Watson	Glen Price	James Jackson	Juanita Hamparsum	Joseph Di Leo
FOR	47,828,403	37,224,953	47,955,864	47,827,364	47,849,864
AGAINST	49,150	10,652,100	33,489	60,989	33,489
OPEN & USEABLE	1,209,719	1,209,719	1,108,719	1,209,719	1,209,719
OPEN & CONDITIONAL	0	0	0	0	0
ABSTAIN	24,025	24,525	13,225	13,225	18,225
EXCLUDED	0	0	0	0	0

Chairman's Address



REVIEW OF FY2017/18 (2017 SEASON)

Restructure

A momentous year:

- On 26 September 2017, stakeholders voted overwhelming in favour of Restructure of Namoi Cotton to ASX listed public company with one class of share
- NSW Supreme Court approved Restructure on 3 October 2017
- Namoi Cotton Limited incorporated on 10 October 2017
- Acknowledge Grower Members & Namoi Capital Stockholders for their strong support in the Restructure

FY2017/18 (2017 SEASON)

Highlights

- 2017 Australian crop 3.75m bales v 2016 crop of 2.7m bales
- Planted acreage sufficient to produce 4.5m bales
- Extreme heat conditions & limited rainfall during growing reduced yields
- Planting & defoliation conditions impacted cotton quality

FY2017/18 (2017 SEASON)

Highlights

- Ginned 1.02m bales (including 100% of JV bales) v 0.69m bales
- Increased volumes driven by larger crop size
- Cotton quality slowed throughput rates & increased unit variable costs by 11%
- Ginning contribution y-o-y improved 32%

FY2017/18 (2017 SEASON) Highlights



- Traded 266k Mt cotton seed v 172k Mt
- Waning Chinese demand from higher prices & import restrictions gradually reduced prices
- Margins widened y-o-y through effective risk & yield management
- COA 15% investment loss of \$1.4m v \$0.8m from high input prices, strong competition & alternate feed supplies

FY2017/18 (2017 SEASON)

Highlights

- NCA's marketing procured 636k bales v 507k bales
- Larger crop size delivered 25% volume improvement y-o-y
- Pressure on margins offset by improved derivative position management
- NCA lint marketing result improved y-o-y by \$0.9m

FY2017/18 (2017 SEASON)

Highlights

- NCA packing operations containerised a 168k Mt v record 226k Mt
- Reduced volumes due to lower cotton seed demand, poor chickpea yields & Indian Gov't chickpea import policy
- Indian import position leaves 30k Mt chickpea in stock

REVIEW OF FY2017/18 (2017 SEASON)

Financial Results

- Financial performance improvement driven by volume increases in all core operating businesses
- Consolidated net profit after tax of \$6.8m improved from net profit of \$0.3m
- Profit & cash flow include \$1.6m in pre-tax costs associated with the Restructure
- Cash flows from operating activities of \$17.3m up from \$5.5m

CROP OUTLOOK FOR FY2018/19 (2018 SEASON)

- National planted area 452k Ha (Irrigated 371k Ha & Dryland 81k Ha)
- Limited rainfall since planting has created water shortages in some areas impacting irrigated & dryland production
- Our crop estimate now 4.6m bales



OUTLOOK FOR FY2018/19 (2018 SEASON)

Financial Results

- Incremental volumes to underpin another strong financial performance
- Improved unit contributions from key gin upgrades
- Consistent earnings anticipated from NCA investment
- Lower contribution from cotton seed trading

CAPITAL RAISING UPDATE

- Board is carrying out a strategic review of:
 - ✓ Further optimisation in Namoi Cotton's ginning business; &
 - ✓ Namoi Cotton's business model given production variability
- Board has determined, no need for capital raising at this time, due to:
 - ✓ Strategic review; &
 - ✓ Current outlook for cotton production in 2019
- Continue to implement strategic initiatives funded by free cash flow from operating activities

OUR STAKEHOLDERS

- Thank you to our grower clients, customers, suppliers and shareholders for your continued support
- Thank you to my fellow Directors, Executive Management and all our employees

AGM RESULTS



CEO's Address



FY2017/18 (2017 SEASON)

Ginning & Seed Operational Highlights

- \$1m upgrade Merah North gin yard doubling capacity
- Upgrade to Merah North hydraulic press system
- 4th gin stand, cleaning equipment & press upgrade at Boggabri increasing capacity by 20% to 25%
- 3rd gin stand & cleaning equipment upgrade at North Bourke increasing capacity by 25%

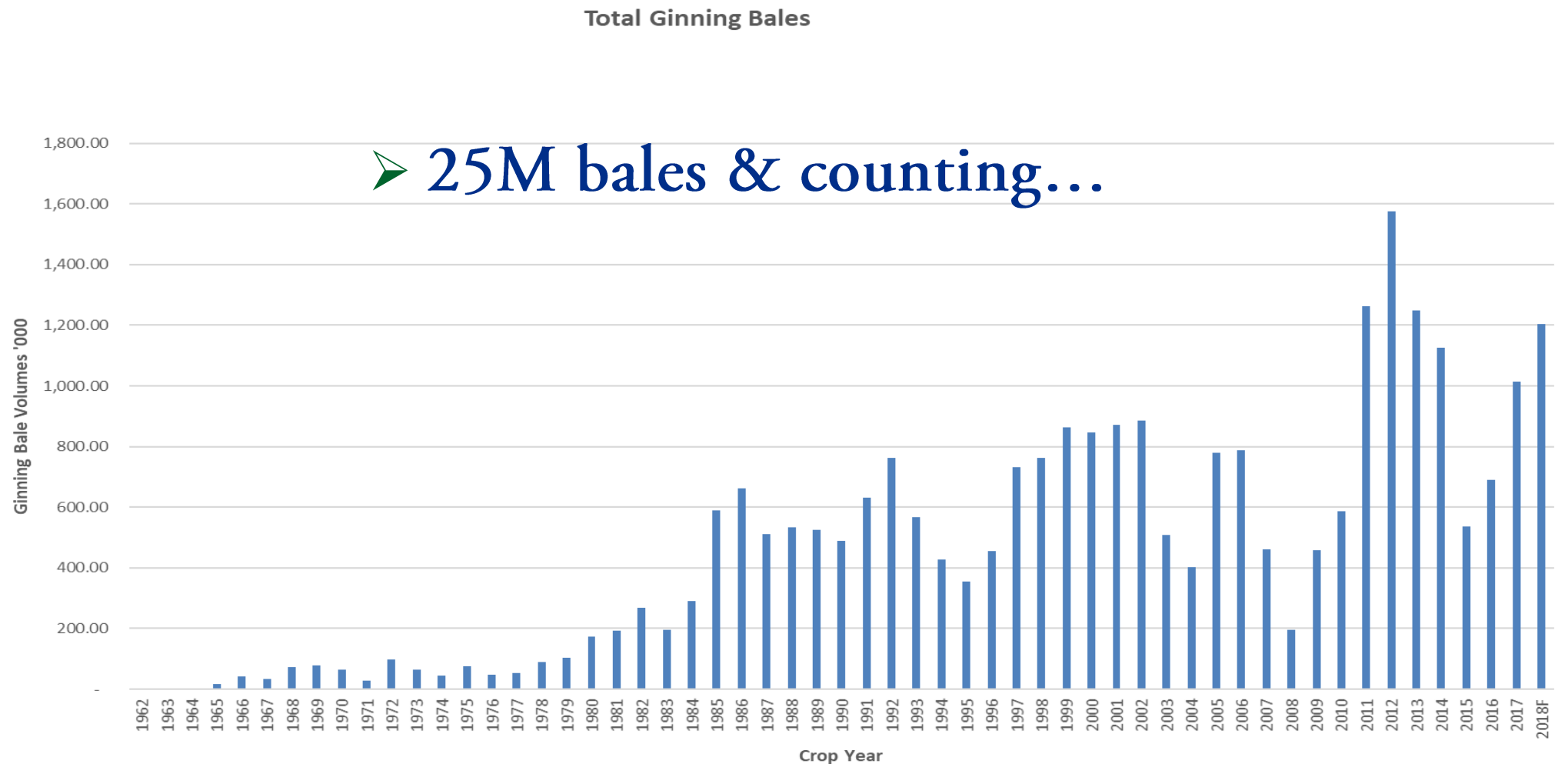


FY2017/18 (2017 SEASON) Ginning & Seed Operational Highlights

- Upgrade gin stand & cleaning equipment at Ashley
- LTIFR improved by 35% y-o-y
- Maintenance & targeted downtime efficiency improvement projects

FY2017/18 (2017 SEASON)

Highlights



FY2017/18 (2017 SEASON)

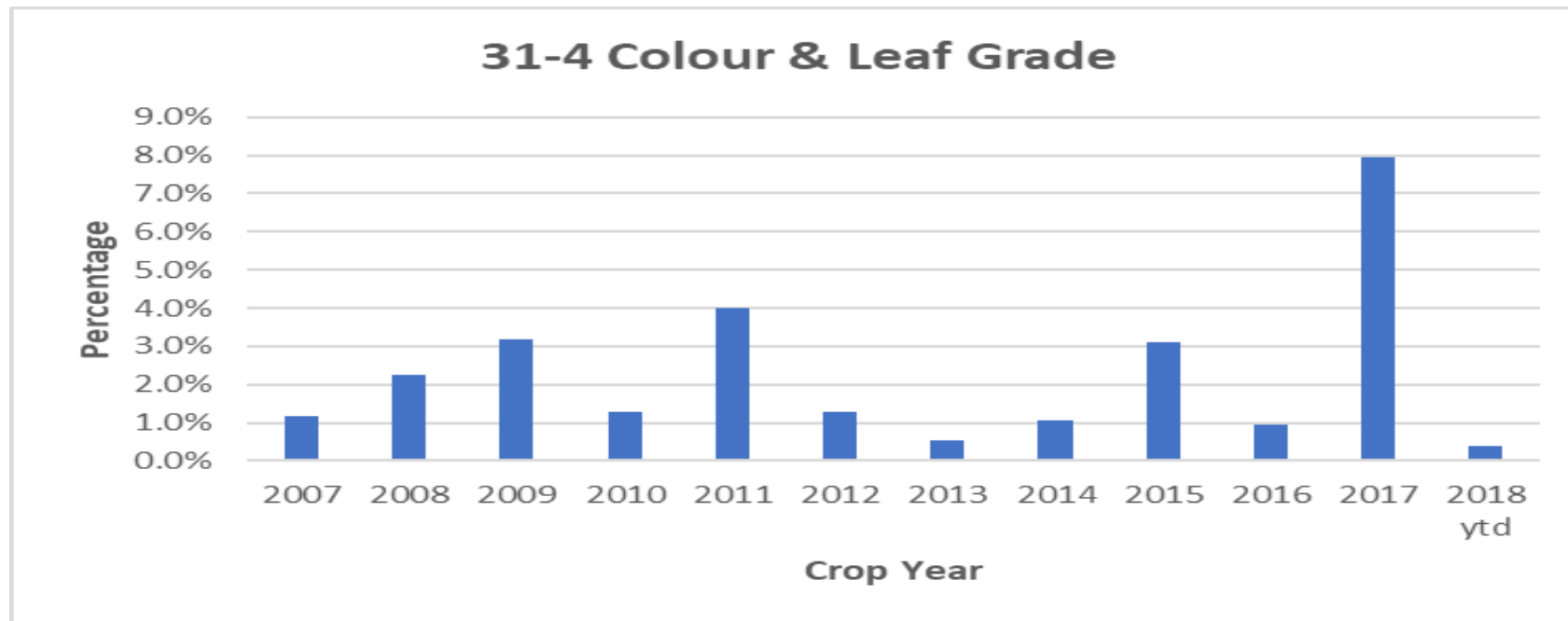
Ginning & Seed Operational Highlights

- Aggressive cotton seed trading increasing volumes by 55%
- Effective seed risk & yield management
- Efficient seed logistics management despite China import hurdles

FY2017/18 (2017 SEASON)

Ginning & Seed Operational Challenges

- Cotton quality lowered ginning throughputs contributing to a 11% increase in unit variable costs



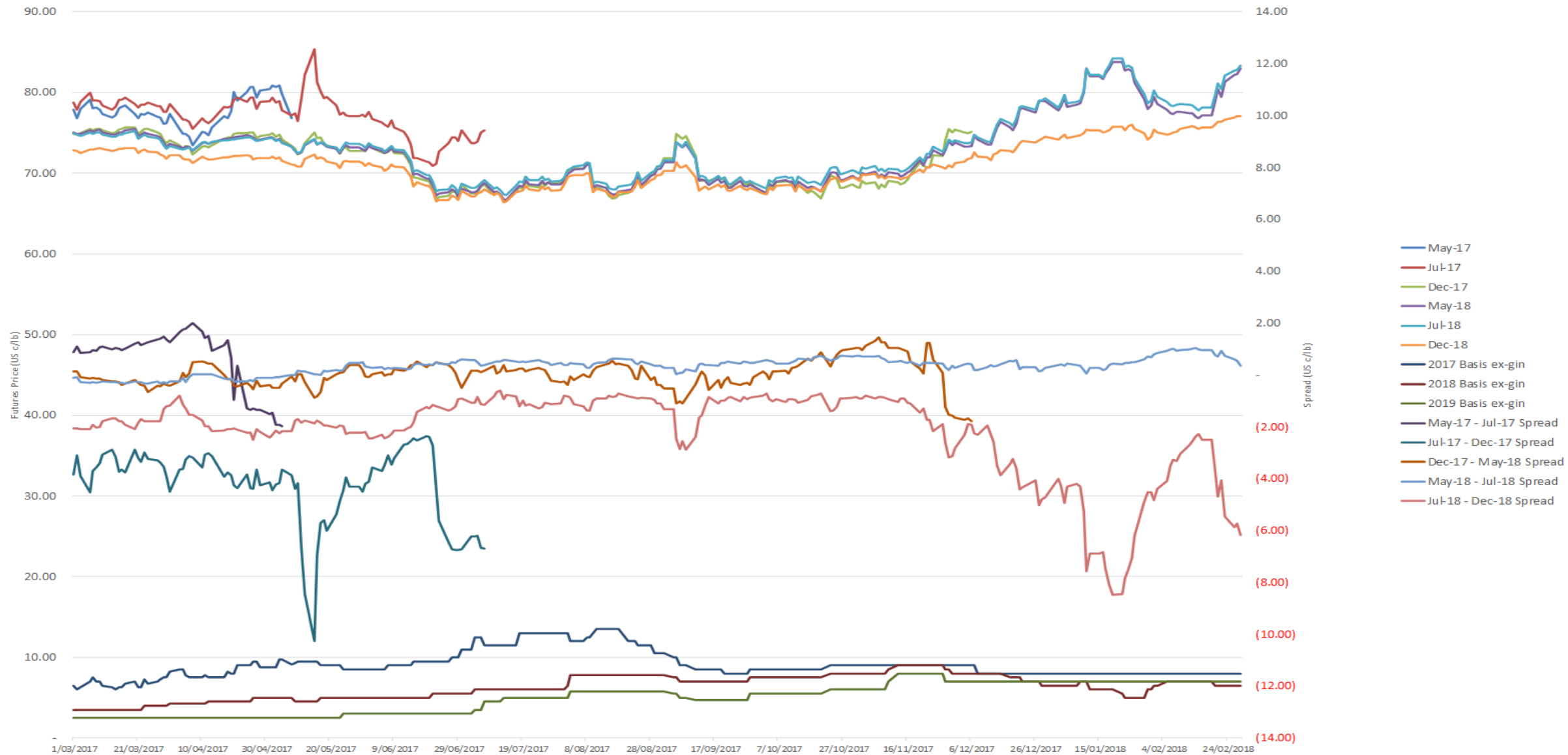
- COA investment loss of \$1.4m in tough trading conditions

FY2017/18 (2017 SEASON) NCA Operational Highlights

- Lint cotton marketing volumes increased y-o-y by 25% to 636k bales
- Improved futures position management offset competitive margin pressure
- Improved efficiencies in commodity packing operations handling 198k Mt



FY 2018 Ice Futures Prices and Spreads May-17 to Dec-18 Contracts



FY2017/18 (2017 SEASON)

Strategy – Investments/Acquisitions

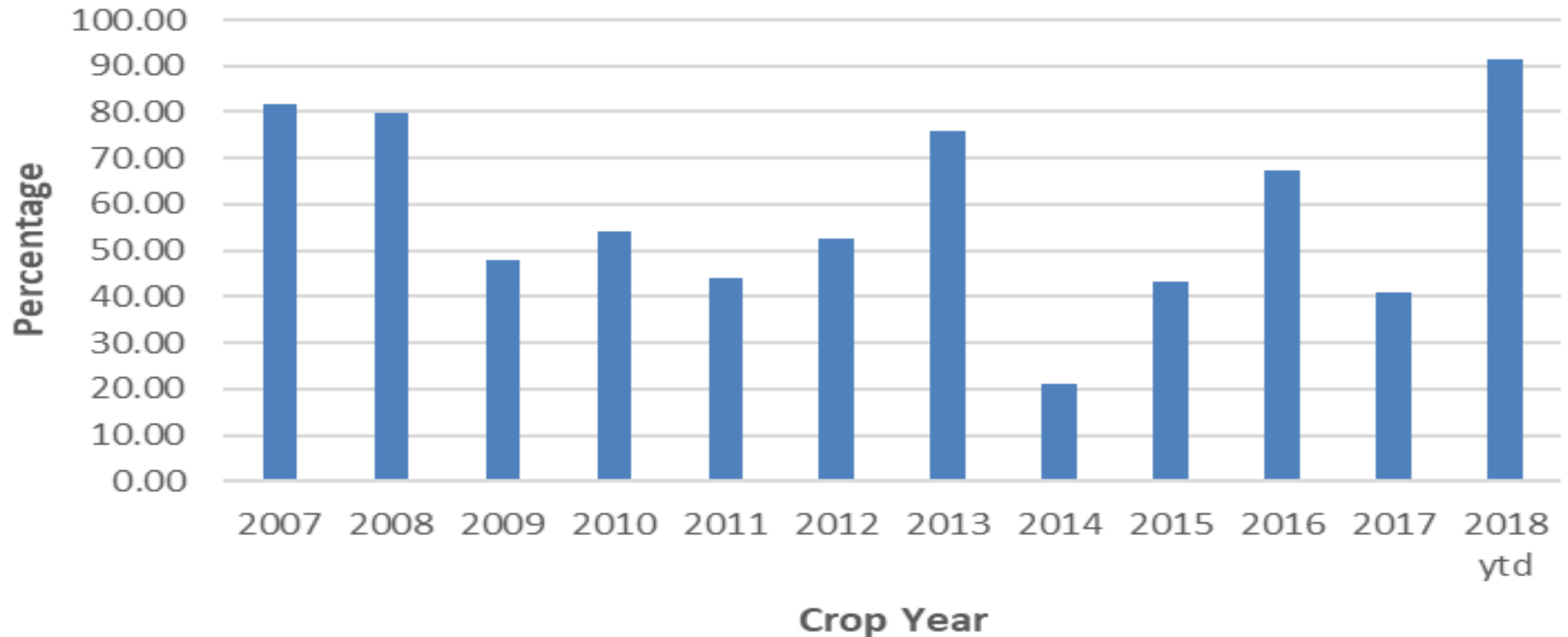
- Acquired Twynam's 50% interest in Australian Classing Services for \$0.7m
- Acquired Harris's 25% interest in MGC for \$2m
- Forecast to be EBITDA positive by \$0.4m in FY2018/19

2018 Season Forecast Production Model

Growing Region	Irrigated			Dryland			Total Ha	
	Area Ha	Yield	Production Bales	Area Ha	Yield	Production	Total Ha	Production Bales
Upper Namoi	18,100	10.25	185,525	20,000	2.50	50,000	38,100	235,525
Lower Namoi	35,000	12.25	428,750	20,000	2.00	40,000	55,000	468,750
Gwydir	48,000	12.50	600,000	30,000	2.00	60,000	78,000	660,000
Mungindi	9,500	11.50	109,250	2,000	1.00	2,000	11,500	111,250
Walgett	11,500	11.50	132,250	8,000	1.00	8,000	19,500	140,250
Macquarie	36,200	12.50	452,500	2,000	2.00	4,000	38,200	456,500
Bourke	4,200	11.00	46,200	-	-	-	4,200	46,200
Lower Lachlan	12,000	11.25	135,000	-	-	-	12,000	135,000
Upper Lachlan	6,500	11.25	73,125	500	2.00	1,000	7,000	74,125
Tandou	6,000	11.00	66,000	-	-	-	6,000	66,000
Murray	4,500	11.00	49,500	-	-	-	4,500	49,500
Murrumbidgee	66,500	11.00	731,500	-	-	-	66,500	731,500
NSW Total	258,000	11.67	3,009,600	82,500	2.00	165,000	340,500	3,174,600
MacIntyre Valley	45,500	11.50	523,250	12,500	2.00	25,000	58,000	548,250
Central/Nth Queensland	16,625	10.50	174,563	3,000	3.00	9,000	19,625	183,563
Dawson-Callide	4,600	10.50	48,300	600	3.00	1,800	5,200	50,100
Darling Downs	29,500	10.50	309,750	31,000	3.00	93,000	60,500	402,750
St George	12,200	12.00	146,400	-	-	-	12,200	146,400
Dirranbandi	2,900	12.00	34,800	1,500	1.00	1,500	4,400	36,300
Cunnamulla	-	-	-	-	-	-	-	-
Burdekin	-	-	-	-	-	-	-	-
QLD Total	111,325	11.11	1,237,063	48,600	2.68	130,300	159,925	1,367,363
Total	369,325	11.50	4,246,663	131,100	2.25	295,300	500,425	4,541,963

2018 Season Crop Quality

21 Colour & Better



2018 SEASON

Ginning & Seed Volumes

- Ginning bales forecast at 1.2m v 1.02m (including 100% of joint ventures)
- Market share decreased y-o-y by 1.0% to 26%
- Traded cotton seed forecast at 275k Mt v 266k Mt



2018 SEASON

Ginning Projects

- \$1m+ 4th gin stand, cleaning equipment & press upgrade at Trangie
- New cleaning, drying & moisture equipment at WGC
- Construction 8,000Mt cotton seed sheds at Trangie & Hillston
- Construction of mote storage shed at Yarraman
- Completed roll out of key safety management kiosks

2018 SEASON

Ginning Operations

- Excellent fibre quality delivering improved throughputs
- Low incoming seed cotton moisture causing fires & chokes
- Variable operating costs favourable to budget
- Completion of ginning anticipated by end September 2017

2018 SEASON

Seed Operations

- Efficient logistics program to cater for large domestic demand
- No export demand due to Chinese import restrictions on Bollgard III
- Dry weather has supported >\$200/Mt increase in prices
- Lower yielding cotton seed than 2017 crop

2018 SEASON

NCA Operations

- Lint cotton volumes forecast at 815,000 bales
- Fibre quality impacted early season shipments
- Brisbane supply chain challenges
- Improved market share in Bangladesh & Turkey

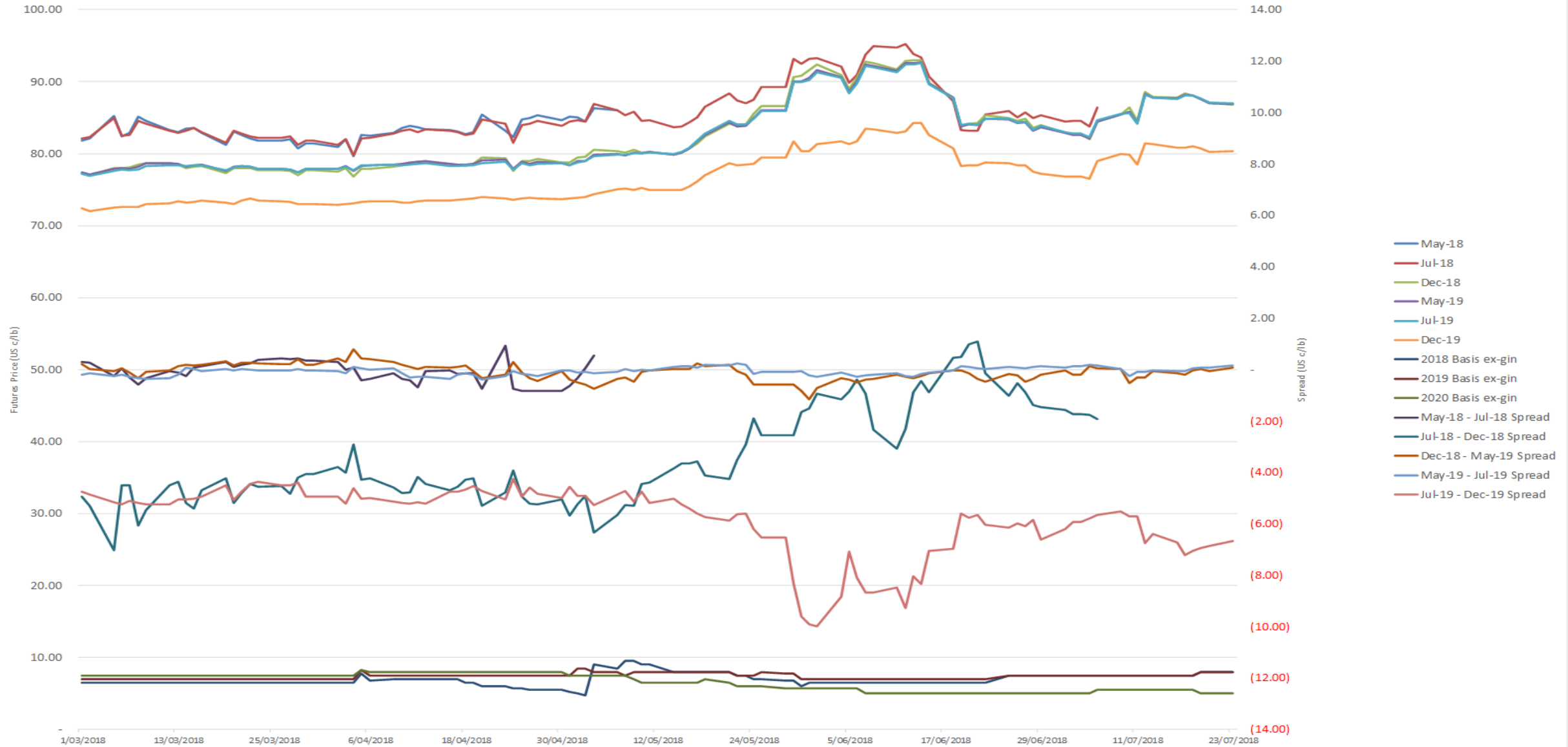


2018 SEASON

NCA Operations

- Packing volumes forecast to be 45% - 50% down
- Increased third party storage & handling of lint cotton volumes through up country warehouse network
- Optimisation of logistics supply chain through MacIntyre

FY 2019
Ice Futures Prices and Spreads
May-18 to Dec-19 Contracts



FY2018/19 FORECAST

Financial Performance Overview

- Net cash flows from operating activities forecast between \$18m & \$23m
- Factors underpinning this improved forecast result are:
 - ✓ Increased ginning & cotton seed volumes
 - ✓ Improved ginning gross margins
 - ✓ Reduced Restructure related costs
 - ✓ Effective management of overhead costs

FY2019/20 (2019 SEASON) Outlook



- Forecasts reflect an Australian crop approximating 2.5m bales (down 44% y-o-y)
- Minimal rainfall since September/October 2017 & public dams at low % full levels
- Potential dryland plant upside on later rain

FY2019/20 (2019 SEASON) Outlook



- Actual contingency planning underway to address potential lower volume year
- Targeting maximised market share ginning & seed volumes
- Focus on market share improvements in cotton marketing & increased commodity packing volumes in NCA

IN CLOSING

- Thank you to all of our grower clients, customers and suppliers for your continued support
- Thank you to our valued shareholders
- Thank you to the Board & all of our employees for their continued contributions





QUESTION TIME



Annual General Meeting 2018