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FOR IMMEDIATE RELEASE

## **Namoi Cotton Ltd and Louis Dreyfus Company announce agreement on Namoi Cotton Alliance restructure**

Namoi Cotton Limited (Namoi Cotton) and Louis Dreyfus Company (LDC) announced today the signing of a Restructuring Term Sheet detailing the proposed restructure of their joint venture, Namoi Cotton Alliance (NCA).

This follows an announcement late last month, as part of Namoi Cotton's 2019 full year results, that the two companies were in discussion around a broader restructure of the joint venture beyond 29 May 2020.

Namoi Cotton's Chief Executive Officer, Michael Renehan, said "the Board of Namoi Cotton had long recognised that it needed to get back to its core business of ginning and marketing cotton.

"This new agreement helps us achieve this by putting the functional operations of the NCA business in the hands of the joint venture partner best suited to the task and better aligning our business exposure with our risk appetite.

"Importantly for the local industry, it also allows customers to pursue opportunities with NCA, confident that the business has the full support of two major players in the Australian and global cotton markets," he said.

Under the proposed restructure, NCA will continue to offer its full suite of products and services across its three divisions, comprising the trading and marketing of cotton lint, warehousing and logistic facilities, and containerised commodity grains packing facilities.

LDC will assume day-to-day management for the business' trading and marketing and warehousing activities, while Namoi Cotton will focus on cotton origination and grower services and assume management of the packing division.

Namoi Cotton's share of the trade and marketing division will reduce from 51% to 15% whilst LDC's share will increase to 85% and LDC will arrange debt finance pursuant to NCA's operating plan.

Thomas Couteaudier, LDC's Head of South & Southeast Asia Region, added "By leveraging LDC's global trading and research expertise, as well as Namoi Cotton's strong processing and marketing track record in Australia, we believe that the restructure will enable NCA to bring greater value to growers and customers alike.

"We look forward to a continued fruitful collaboration with Namoi Cotton, as we drive the growth of NCA in our new capacity," he concluded.

The proposed restructure will take effect upon receipt of all necessary regulatory approvals and any third-party consents.

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**About Namoi Cotton Alliance**

Namoi Cotton Alliance (NCA) operates two of its own warehousing facilities located at Wee Waa in the Namoi Valley and Goondiwindi in the MacIntyre Valley.

NCA trades lint cotton originated by Namoi Cotton's grower services team. The trading incorporates significant risk management and financing activities with a global reach, marketing and selling cotton into China, Vietnam, Indonesia, Thailand, Korea, Japan, Bangladesh, India and Turkey. These activities are supported by extensive warehousing and logistic services operations that ensure the efficient storage, handling and movement of the cotton into these end markets.

NCA also operates a grain packing business providing an efficient and cost-effective supply chain solution to growers and merchants for their grain logistics and container packing requirements for exported grain.