



Analyst and Investor Presentation 1HFY17

March 2017

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A leading woodchip exporter

- Listed in December 2016, ASX: MWY
- Produces and exports high quality woodfibre, headquartered in Geelong
- Key customers are pulp and paper producers in China and Japan
- Strategic processing and export facilities in Geelong, Portland and Brisbane
- Substantial future supply from a range of large plantation growers
- Key assets also include ~16,000 ha of freehold plantation land

Hardwood woodchip capacity ~4.0 million GMT per annum
Softwood woodchip capacity ~0.4 million GMT per annum



Tony Price, Managing Director & CEO

- ✓ Appointed Managing Director & CEO in 2015
- ✓ Over 30 years experience in the forestry sector
- ✓ Previously CEO of Australian Bluegum Plantations
- ✓ Previous tenures at Rio Tinto / North Limited



Ashley Merrett, Chief Financial Officer

- ✓ Joined Midway in 1993
- ✓ Over 23 years with the Company
- ✓ Oversaw QCE and South West Fibre acquisitions
- ✓ Over 25 years experience in finance and management

Solid interim result



1HFY17 in line with expectations

- Revenue: \$88.0m
- Pro forma[#] EBITDA: \$13.9m
- Pro forma[#] NPAT: \$8.7m
- Interim dividend: 9cps, fully franked

On track to deliver our full year forecast

- Pro forma EBITDA: \$28.1m
- Pro forma NPAT: \$16.5m

PCP variation as expected

- No softwood log sales due to sale of plantations to Strategy Timber
- Higher foreign exchange rate
- Lower plantation hardwood sales due to vessel timing



[#]Pro forma EBITDA and NPAT excludes \$3.1 million or \$2.1 million (tax effected) of costs attributable to the Initial Public Offering of securities on the ASX.

Good contributions from all businesses

\$Am	Revenue		EBITDA		NPAT		Comments
	1H16	1H17	1H16	1H17	1H16	1H17	
Midway Midway 100%	88.4	67.5	22.0	10.4	15.0	5.4	Impacted by poor weather conditions. Timing of key shipments delayed slightly.
SWF Midway 51% Mitsui 49%	42.3	40.8	4.6	2.9	2.8	1.6	Continues to perform steadily in line with expectations.
QCE Midway 90% Graincorp 10%	4.3	11.7	1.2	0.3	0.6	0.1	Hardwood shipments have commenced. Volumes expected to grow steadily over time.
Total Segment	135.0	120.0	27.8	13.6	18.4	7.0	
Adjustments & eliminations	(26.0)	(32.0)	(4.9)	(2.8)	(3.3)	(0.5)	Elimination of SWF [Equity Accounted] Elimination of intercompany transactions between Midway and QCE
Total Statutory	109.0	88.0	22.9	10.8	15.0	6.5	Statutory Consolidated





Strategic Priorities and Outlook

March 2017



Strategic Priorities

EBIT over time:

1. OPERATING EFFICIENCIES

- Economies of scale
- Margin expansion
- Favourable demand/ supply dynamics

2. EXPANSION OF EXISTING BUSINESS

- Development of Hardwood and Softwood log exports from Brisbane
- South West Fibre 50/50 JV
- Existing infrastructure expansion

3. ACQUISITIONS

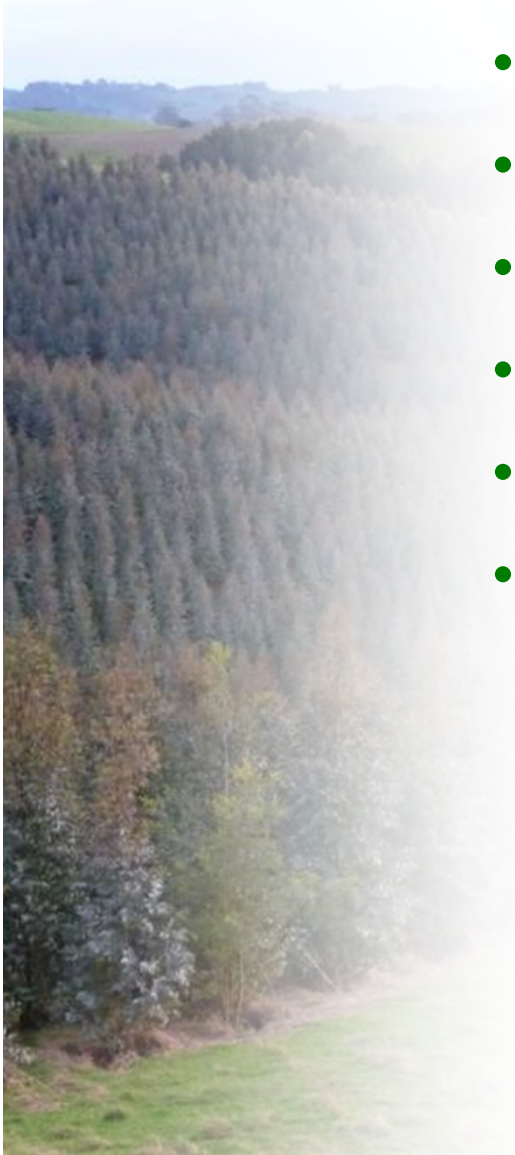
- Complementary businesses
- Industry consolidation
- Domestic and international



Second Half Outlook

On track for full year forecast

- **Conservative management of \$A exposure**
- **Secure timber supply arrangements**
- **Solid export sales contracts**
- **Committed vessel program**
- **Continued focus on operational efficiency**
- **Subject to FX rate and shipment timing**





Appendix 1

Financial Analysis



Financial Performance

\$Am	1H16	1H17	% Change
Sales Revenue	109.0	88.0	(19.3)
Other Income	1.9	1.8	(5.3)
Operating Costs	(93.5)	(77.5)	17.1
EBITDA	23.0	10.8	(53.0)
Depreciation and Amortisation	(1.7)	(1.7)	0.0
EBIT	21.3	9.1	(57.3)
Finance expense	(1.0)	(0.7)	30.0
Pre-Tax Profit	20.3	8.4	(58.6)
Tax Expense	(5.3)	(1.9)	64.2
Statutory NPAT	15.0	6.5	(56.7)
Pro forma NPAT	15.0	8.7	(42.0)



Cash Flow

\$Am	1H16	1H17	\$Am Change
Operating Cash Flow	20.2	(2.5)	(22.7)
Investing Cash Flow	(1.3)	0.8	2.1
Financing Cash Flow	(20.0)	(4.9)	15.1
Net Change in Cash	(1.1)	(6.6)	(5.5)
Net Debt	2.1	26.5	(24.4)
Interest Cover	21.9	12.7	(9.2)



Balance Sheet

\$Am	1H16	1H17	\$Am Change
Total Current Assets	45.1	33.5	(11.6)
Total Non-current Assets	172.5	120.4	(52.1)
Total Assets	217.6	154.0	(63.6)
Total Current Liabilities	18.0	15.7	(2.3)
Long Term Debt	29.7	30.5	0.8
Total Non-current Liabilities	62.7	45.0	(17.7)
Total Liabilities	80.7	60.8	(19.9)
Net Assets	136.9	93.1	(43.8)



Risk management

Exposure to foreign exchange rates

- Active hedging policy in place
- Aim to reflect the movement in the AUD:USD rate in timber purchase prices
- Timber supply costs are negotiated regularly.

Vessel timing

- Focused on managing vessel scheduling to match production and sales

Customer contracts

- Focused on diversifying customer base, while maintaining relationships with key customers
- Demand from key customers in China and Japan is likely to exceed our existing supply for foreseeable future

Supply of logs

- Extension of existing supply arrangements from ABP to Portland which currently run to FY2021
- Regularly signing up smaller plantation owners in Geelong and Portland
- Large volume of hardwood plantation available for Brisbane





Appendix 2

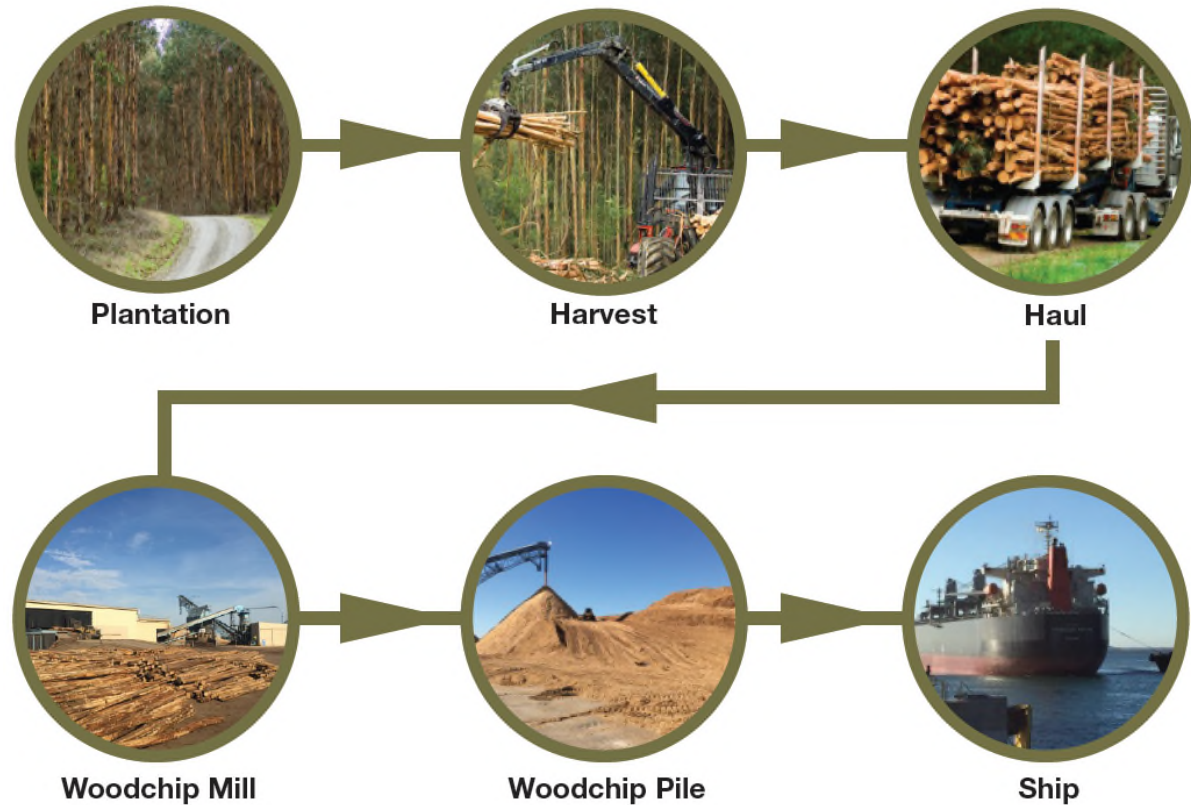
Overview of Company



Largest Australian processor of woodchips

- A leading company in the Australian forestry sector, primarily involved in the production and export of high quality woodchip fibre to producers of pulp, paper and associated products in China and Japan
- Founded in 1980, Midway wholly owns strategic processing and export facilities in Geelong and is the majority stakeholder in strategic processing and export facilities in Portland and Brisbane
- Substantial future supply from a range of large plantation growers has been secured
- Key assets also include ~16,000 ha of freehold plantation land valued at \$68.3 million (as at 30 June 2016) – this land may potentially be sold off for higher value uses while the existing tree crop, which is owned by a third party, is progressively harvested and supplied to Midway over the next 10 to 12 years

Overview of Midway's business activities



Strategically located port and processing facilities

Hardwood woodchip capacity ~4.0 million GMT per annum
Softwood woodchip capacity ~0.4 million GMT per annum



QCE Brisbane

- Sole woodchip exporter from Brisbane Port – provides geographic and market diversity
- 15 year lease on a four ha site with the Port of Brisbane for producing, storing & loading
- GrainCorp provides toll ship loading
- 300,000 GMT per annum softwood woodchip export capacity
- Hardwood exports commenced in 2008. Capacity of 300,000 GMT per annum
- Stockpile capacity: 100,000 GMT of softwood and/or hardwood



South West Fibre / Portland

- South West Fibre is the first plantation hardwood processing and marketing operation in the Green Triangle - provides geographic and future market diversity
- Myamyn - 1.2 million GMT per annum current site capacity + in-field chipping and “upstream” chip and log storage
- Portside woodchip receival, storage and loading facilities contracted with GrainCorp
- 80,000 GMT woodchip stockpile capacity
- Woodchip receival capacity of 1.8 million GMT per annum
- 10 year x 1.2 million GMT per annum supply agreement with Australian Bluegum Plantations signed in July 2010
- 51% owned Joint Venture with Mitsui



Midway Geelong

- 19 hectares of freehold land adjacent to Port of Geelong
- Two woodchip mills (separate plantation and native processing facilities)
- Three stockpiles including three reclaimers with 200,000 GMT total capacity
- Capacity to process and export up to 1.8 million GMT per annum of hardwood

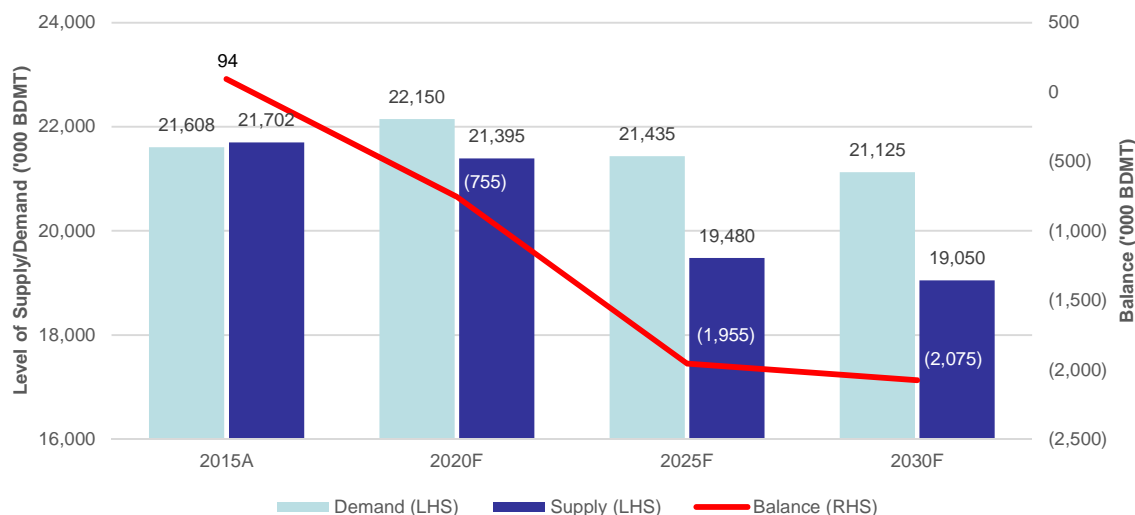


Supply deficit expected in medium term

Asian hardwood chip balance forecast – demand to outstrip supply 2020 - 2030

- Demand is forecast to be relatively stable in the short term, but supply is expected to reduce over the medium term, resulting in a likely woodchip supply deficit
- This shortage indicates a favourable environment for woodchip pricing, particularly from 2020-2030
- The woodchip deficit is expected to be 2.0 million BDMT in 2025F and widening to 2.1 million BDMT in 2030F

Asian Hardwood Chip Demand & Supply Forecast ('000 BDMT)



('000 BDMT)	Demand	% Change	Supply	% Change	Balance	% Balance
2015A	21,608	6.6%	21,702	7.1%	94	0.5%
2016F	21,702	0.5%	22,066	1.6%	364	1.6%
2020F	22,150	2.0%	21,395	(3.0%)	(755)	(3.5%)
2025F	21,435	(3.2%)	19,480	(9.0%)	(1,955)	(10.0%)
2030F	21,125	(1.4%)	19,050	(2.2%)	(2,075)	(10.9%)
Change to 2015		(2.2%)		(12.3%)		

Source data: Outlook for Hardwood Chip Supply and Demand in the Asian Markets, 2015-2030 RISI 2016



Committed supply of raw materials and Strategic Alliance

There is a substantial area of plantations in the catchments of Midway's processing facilities

- Midway has a number of short and long term (1 year to 10 year) agreements in place with a number of large plantation managers in each of our operating regions

Facility Volumes (000's GMT)	FY2016	FY2017	FY2018	FY2019	FY2020
Geelong	1,241	1,399	869	740	633
Portland	1,689	1,487	1,473	1,450	1,456
Brisbane	85	200	200	-	-
TOTAL	3,015	3,086	2,542	2,190	2,089

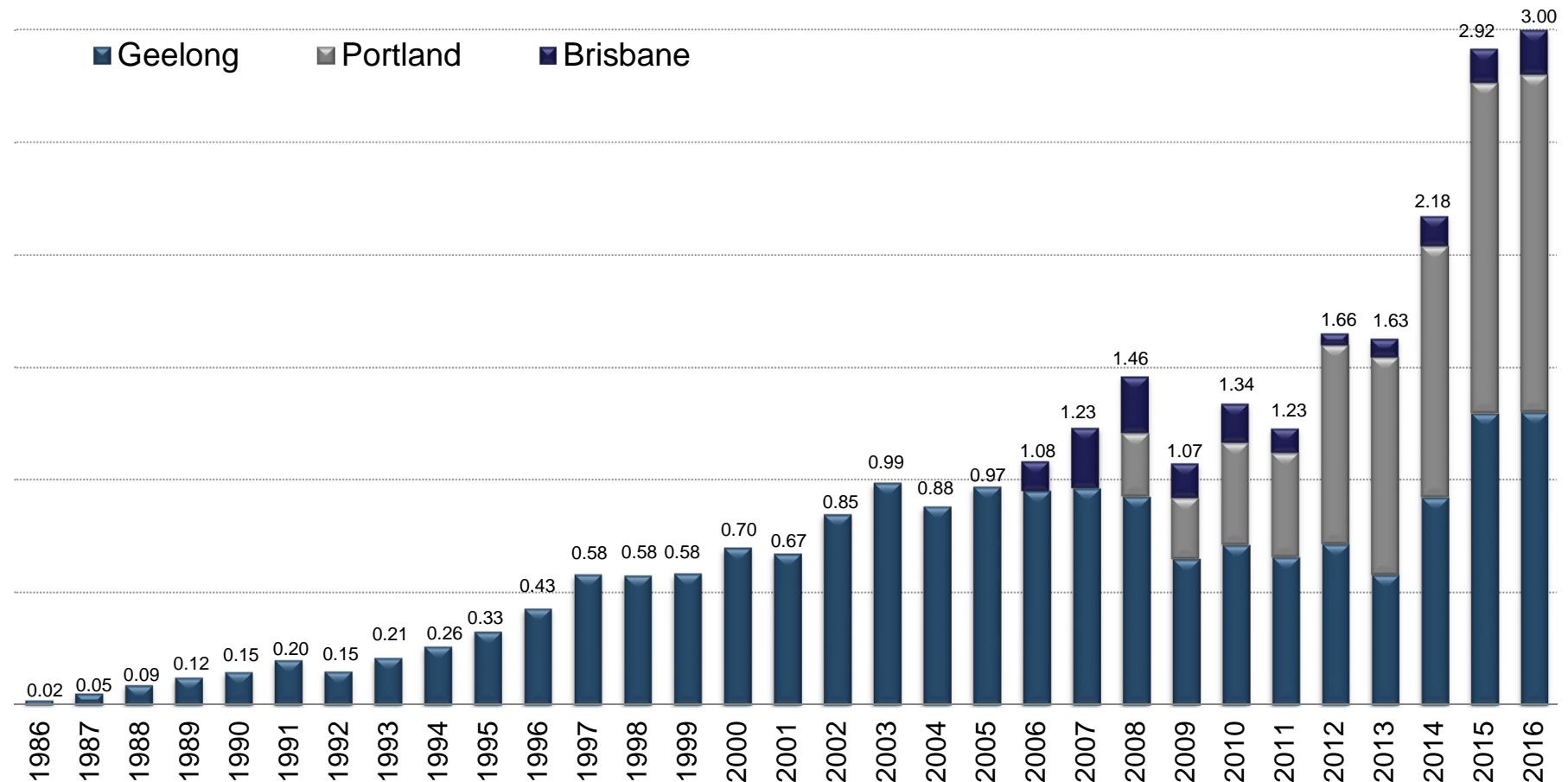
- Significant **new supply** is being secured -
 - Extension of existing supply arrangements of 1.2 million GMT per annum from ABP to Portland which currently run to FY2021
 - Regularly signing up a large number of smaller plantation owners in Geelong and Portland
 - Large volume of hardwood plantation available for Brisbane (250-350K GMT per annum for 8-10 years)
- Midway has a range of initiatives in place to expand the plantation estate in our operating areas**
 - Midway has entered into a Strategic Alliance Agreement with GMO Renewable Resources (the purchaser of Midway's plantations) to explore opportunities to expand the plantation estate for Midway to have additional long term resource supply
 - Investigating potential plantation investment on behalf of customers
 - Marketing offtake agreements with investors to purchase their crop at maturity
 - Encouraging farmers and private landowners to establish plantations on their properties



A long history of growing sales and customer base

Growth over the last 10 years has been driven through new capital investment

Midway total export volumes since 1986 (million GMT) – ~18% CAGR since 1986



Note: Includes 100% contribution from SWF (Portland), Geelong and Brisbane.

Note: The above is based on calendar year

Source data: Midway Group (SWF and QCE are totals and not adjusted for the Midway Group's share)

Board of Directors – overseen strong growth



Greg McCormack
Non-Executive Chairman

Founding Director of Midway in 1980 and has a long-term commitment to the Australian forest products industry, holding senior positions with both the National and Victorian Association of Forest industries (having served as President of both associations). He is the current President of the Australian Forest Products Association and is a current ASX-Listed company Director.



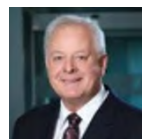
Tony Price
Managing Director and CEO

Joined Midway in 2015 and has 30 years experience in the forestry sector. Prior to joining Midway he held a number of senior management positions in the hardwood plantation sector and has also run his own consultancy business. Also a Director of Forestworks Ltd, an organisation which provides training packages to the forest industry.



Anthony Bennett
Non-Executive Director

Mr Bennett has extensive background in production management, particularly in the manufacture of high volume/low margin products for use in civil engineering construction.



Gordon Davis
Independent Non-Executive Director

Mr Davis joined the board in 2016 and is currently a Non-Executive Director of Nufarm Limited and a Non-Executive Director of Primary Health Care Limited. Mr Davis was Managing Director and CEO of AWB Limited from 2006 to 2011. He was also Chair of VicForests from 2011 to 2016. He is currently the Chair of Greening Australia, and a Trustee of The Nature Conservancy



Nils Gunnersen
Non-Executive Director

Joined the board in 2012 and has over 25 years' experience across operations and strategic business improvement within the broader forest industry – forestry, harvest & haul, processing, sales and marketing, finance, IT and administration – in Australia, NZ, USA and Indonesia.



Thorry Gunnersen
Non-Executive Director

Mr Gunnersen has extensive experience in the timber sector. He is Chairman of the Gunnersen family investment companies and Gunnersen Companies Pty Ltd and was previously Managing Director of Gunnersen Companies Pty Ltd between 1970 and 2008.



Tom Keene
Independent Non-Executive Director

Mr Keene joined the board in 2008 and has a strong commercial and agribusiness background having held the position of Managing Director of GrainCorp Ltd between 1993 and 2008. He is currently a Director of AACo Ltd.



Management team – over 15 years average service



Tony Price
Chief Executive Officer

See previous slide



Stephen Roffey
Development Manager

Mr Roffey joined Midway in 1994 and holds forestry qualifications. He previously held the position of CEO between June 2012 and February 2013. He then commenced his duties and role as the head of Development. Mr Roffey has formerly held management roles in resource supply, operations and plantation estate management and has 29 years' experience in forest management and operations



Ashley Merrett
Chief Financial Officer

Mr Merrett joined Midway in 1993 and is responsible for all accounting, tax, group forecasting and capital management (including debt facilities). He is the Joint Company Secretary for Midway and Company Secretary for SWF and QCE. He has a Bachelor of Commerce and over 20 years of experience in a finance, accounting and office management



Michael Taylor
Operations Manager

Mr Taylor joined Midway in 2000 and is responsible for operations. He has formerly held management roles in business development and business analysis. He has a forestry degree and graduate diplomas in business and applied finance and investment (SIA), with over 20 years' experience in forestry, harvesting and processing in Australia, USA and Brazil



Rowan Eyre
Resources Manager

Mr Eyre joined Midway in 1999 as part of the acquisition of Victree Forests. He has been involved in various roles at Midway including resource management, wood procurement, processing and shipping and since 2010, has held the position of Resources Manager. His background encompasses 29 years' experience in forest management including plantation establishment, harvesting and sales of forest products



Malcolm Hatcher
Technical Services

Mr Hatcher joined Midway in 2004 and is responsible for technical services. He has formerly held management roles in operations and business analysis. He has a forestry degree, with over 30 years' experience in forest management, forest harvesting, plantation establishment, processing, forest certification and management systems.



Sophie Karzis
Company Secretary

Ms Karzis is a practising lawyer with over 15 years' experience as a corporate and commercial lawyer, company secretary and general counsel for a number of public companies. Ms Karzis is the principal of Corporate Counsel, a corporate law practice with a focus on corporate governance for ASX-listed entities, as well as the more general aspects of corporate and commercial law. Ms Karzis is currently the Company Secretary of a number of ASX-listed and unlisted entities, and is a member of the Law Institute of Victoria as well as the Governance Institute of Australia.





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