



Midway Limited

June 2017



Disclaimer

This presentation has been prepared by Midway Limited ACN 005 616 044 (**Midway** or the **Company**). The information contained in this presentation is current at the date of this presentation. The information is a summary overview of the current activities of the Company and does not purport to be all inclusive or to contain all the information that a prospective investor may require in evaluating a possible investment. It is to be read in conjunction with the Company's disclosures lodged with the Australian Securities Exchange, including the Company's Appendix 4D and Half Year Report for the period ended 31 December 2016 lodged with the Australian Securities Exchange on 23 February 2017. The material contained in this presentation is not, and should not be considered as, financial product or investment advice. This presentation is not (and nothing in it should be construed as) an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security in any jurisdiction.

This presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor which need to be considered, with or without professional advice, when deciding whether or not an investment is appropriate. This presentation contains information as to past performance of the Company for illustrative purposes only, and is not – and should not be relied upon as – an indication of future performance of the Company.

To the maximum extent permitted by law, Midway makes no representation or warranty (express or implied) as to the accuracy, reliability or completeness of any information contained in this document. To the maximum extent permitted by law, Midway will have no liability (including liability to any person by reason of negligence or negligent misrepresentation) for any statements, opinions or information (express or implied), arising out of, contained in or derived from, or for any omissions from this document.

Forward looking statements

This document contains certain “forward-looking statements”. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “outlook”, “upside”, “likely”, “intend”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance, including Midway's FY17 outlook, are also forward-looking statements, as are statements regarding Midway's plans and strategies and the development of the market. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Midway, which may cause actual results to differ materially from those expressed or implied in such statements. Midway cannot give any assurance or guarantee that the assumptions upon which management based its forward-looking statements will prove to be correct or exhaustive, or that Midway's business and operations will not be affected by other factors not currently foreseeable by management or beyond its control. Such forward-looking statements only speak as at the date of this document and Midway assumes no obligation to update such information.

Non-IFRS information

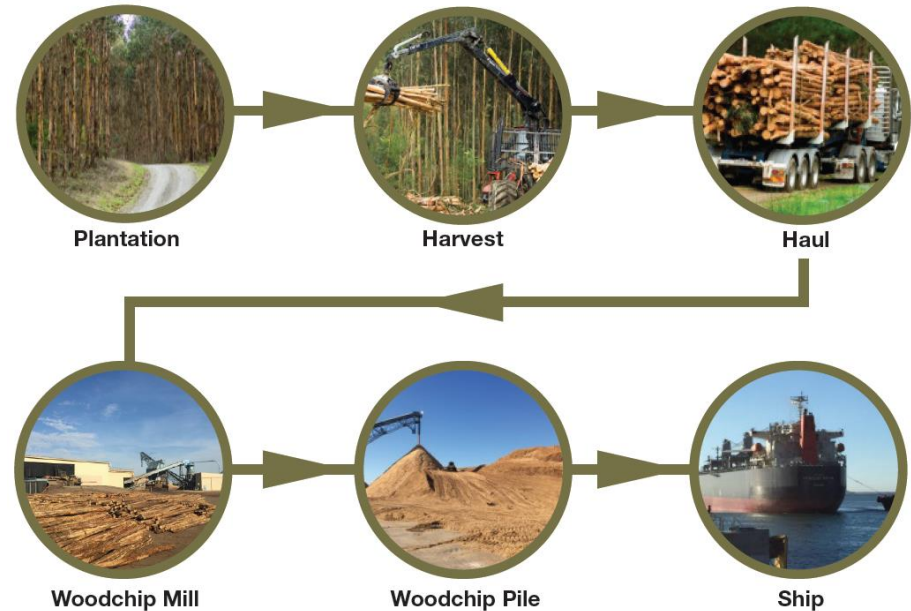
This presentation includes certain financial measures that are not recognised under Australian Accounting Standards (AAS) or International Financial Reporting Standards (IFRS). Such non-IFRS financial measures do not have a standardised meaning prescribed by AAS or IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Recipients are cautioned not to place undue reliance on any non-IFRS financial measures included in this presentation. The non-IFRS information has not been subject to audit or review by Midway's external auditor.

All references to dollars are to Australian currency unless otherwise stated.

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

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



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

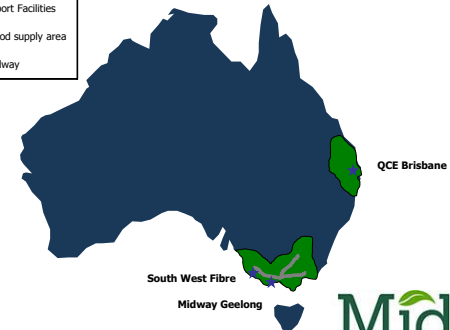


QCE Brisbane

- 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



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

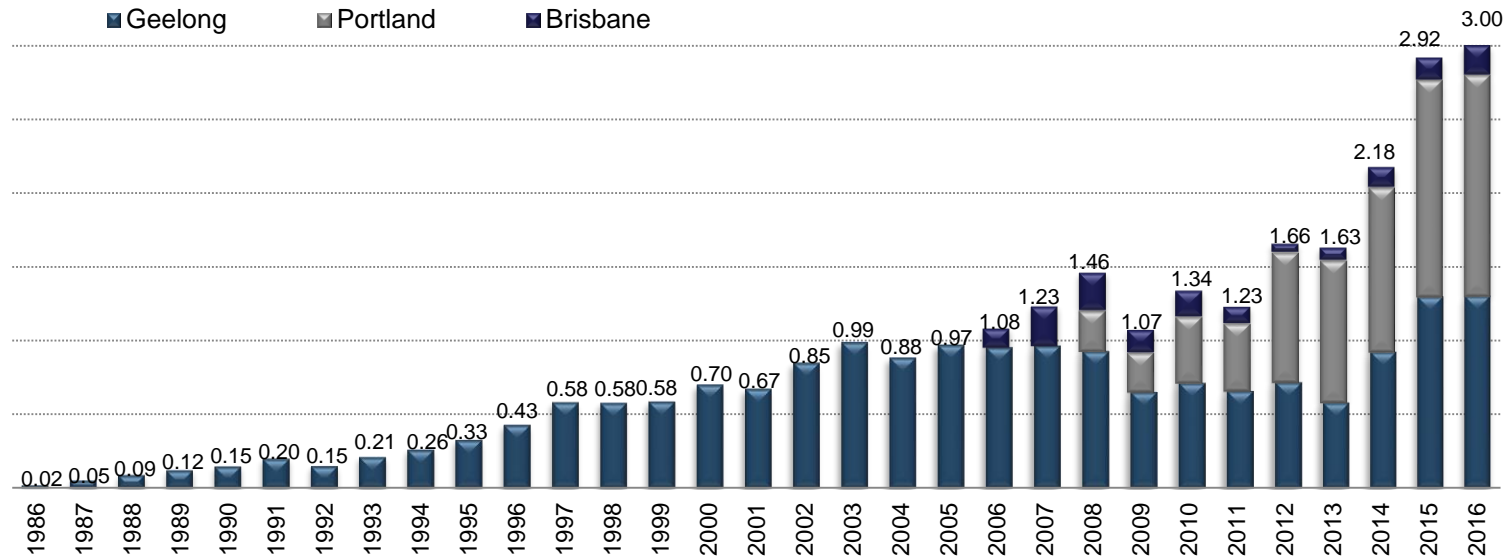


Midway

A long history of growing sales and customer base

Growth in the last 10 years driven by Chinese demand and 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

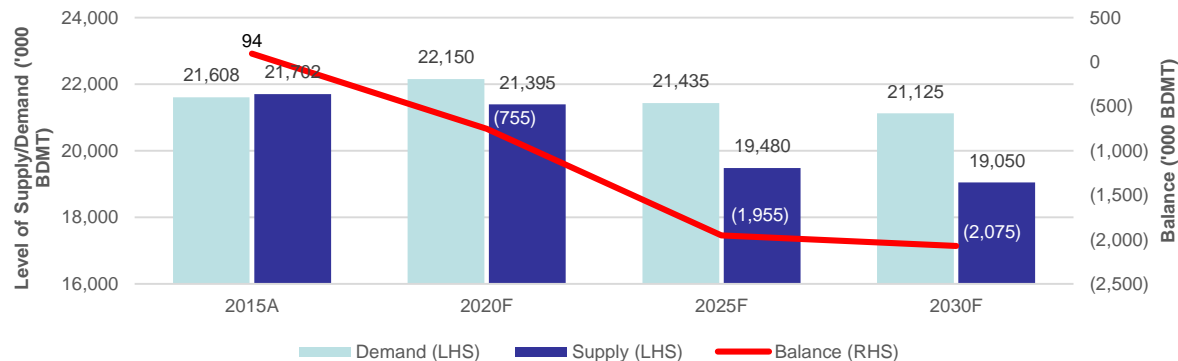
Source data: Midway Group (SWF and QCE are totals and not adjusted for the Midway Group's share)

Demand to outstrip supply in medium term

Asian hardwood chip balance forecast – 2020 - 2030

- Supply is expected to reduce over the medium term, resulting in a likely woodchip supply deficit while demand is forecasted to be relatively stable in the short term
- 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)



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

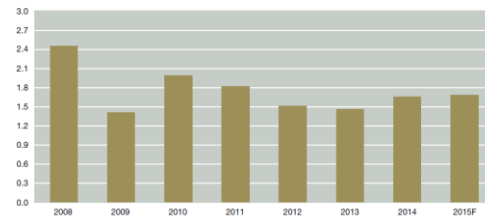
('000 BDMT)	Demand	% Change	Supply	% Change	Balance	% Balance
2015A	21,608	6.6%	21,702	7.1%	94	0.5%
2016F	21,702	0.5%	22,066	1.6%	364	1.6%
2020F	22,150	2.0%	21,395	(3.0%)	(755)	(3.5%)
2025F	21,435	(3.2%)	19,480	(9.0%)	(1,955)	(10.0%)
2030F	21,125	(1.4%)	19,050	(2.2%)	(2,075)	(10.9%)
Change to 2015		(2.2%)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

Japan – imports relatively stable since 2010

Top four companies account for 82% of imports

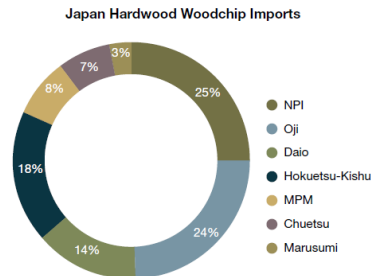
- Japan has been importing woodchips since the mid-1960's
- Historically the largest hardwood woodchip importer, but recently surpassed by China
- Imports have increased their share of Japanese hardwood woodchip consumption – from 56% in 1990 to a high of 88% in 2015E
- Japan's reliance on quality woodchip means it has not historically been as price-sensitive when compared to emerging markets
- Two companies (Nippon Paper and Oji Holdings) control half of Japan's hardwood chip imports. Typically, Japanese mills are not configured to take pulp product from South America
- In 2015, Japan sourced 44% of its hardwood woodchips from SE Asia, up from 13% in 2007 as Japanese customers began focussing on reducing costs
- From 1999-2011, Australia was the largest supplier to Japan but is now the second largest supplier at 19% due to increased availability from SE Asia

Japanese softwood woodchip imports ('000 BDMT)



Source data: RISI, Monthly Asia Pacific Woodchip Market Update 2 2016. RISI International Pulpwood Trade Review 2015

Japanese companies' hardwood woodchip import percentage 2015



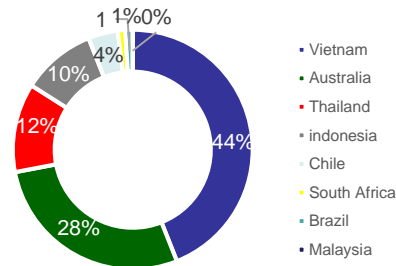
Source data: Outlook for Hardwood Chip Supply and Demand in the Asian Markets, 2015-2030 RISI 2016

China – the growth market

94% of Chinese supply comes from four countries

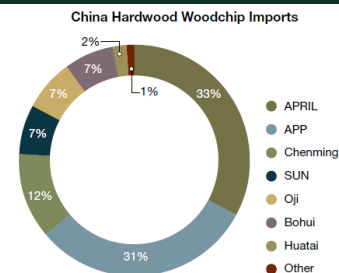
- China began importing hardwood woodchips at the end of 2002 but demand really only took off from 2008
- Now the largest hardwood woodchip import market
- Large increases in China's imports are due to greater paper production as the country becomes more industrialised
- Historically Chinese buyers have focussed on CIF cost of woodchips per BDMT, without analysing total impact on cost of using lower-quality fibre
- Australian suppliers have educated Chinese buyers on advantages of Australian fibre to the extent Australia's share of China's hardwood chip market has grown from 8% in 2012 to 28% in 2015
- While Chinese reliance on the Asia-Pacific region for supply has decreased from 2012, Chinese woodchip sourcing has retained a narrow focus, with 98% coming from just 5 countries in 2014
- Since 2011, Chinese government has sharply lowered licensing of any new pulp mills – meaning rate of growth in woodchip demand is likely to slow but total volumes will continue to grow

China hardwood woodchip imports by source (2015)



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

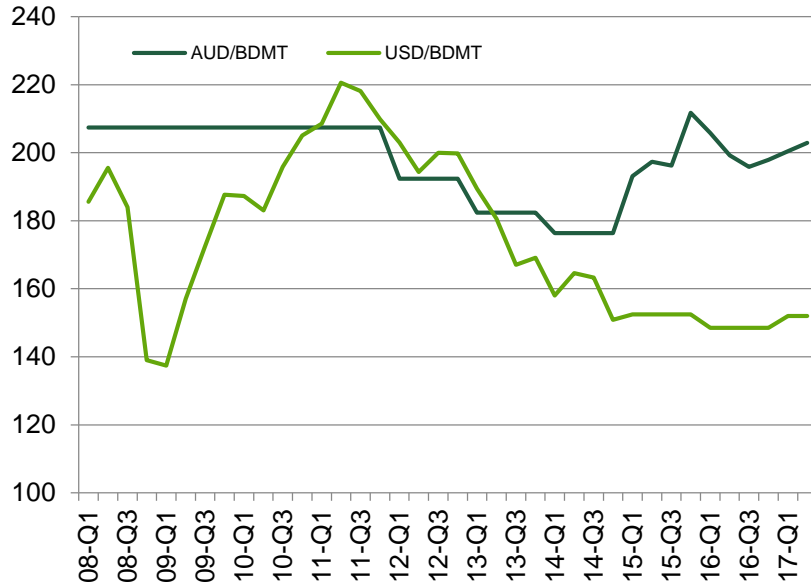
Chinese companies' hardwood woodchip import percentage 2015



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

Hardwood prices

Australian E. globulus FOB Export Woodchip Prices

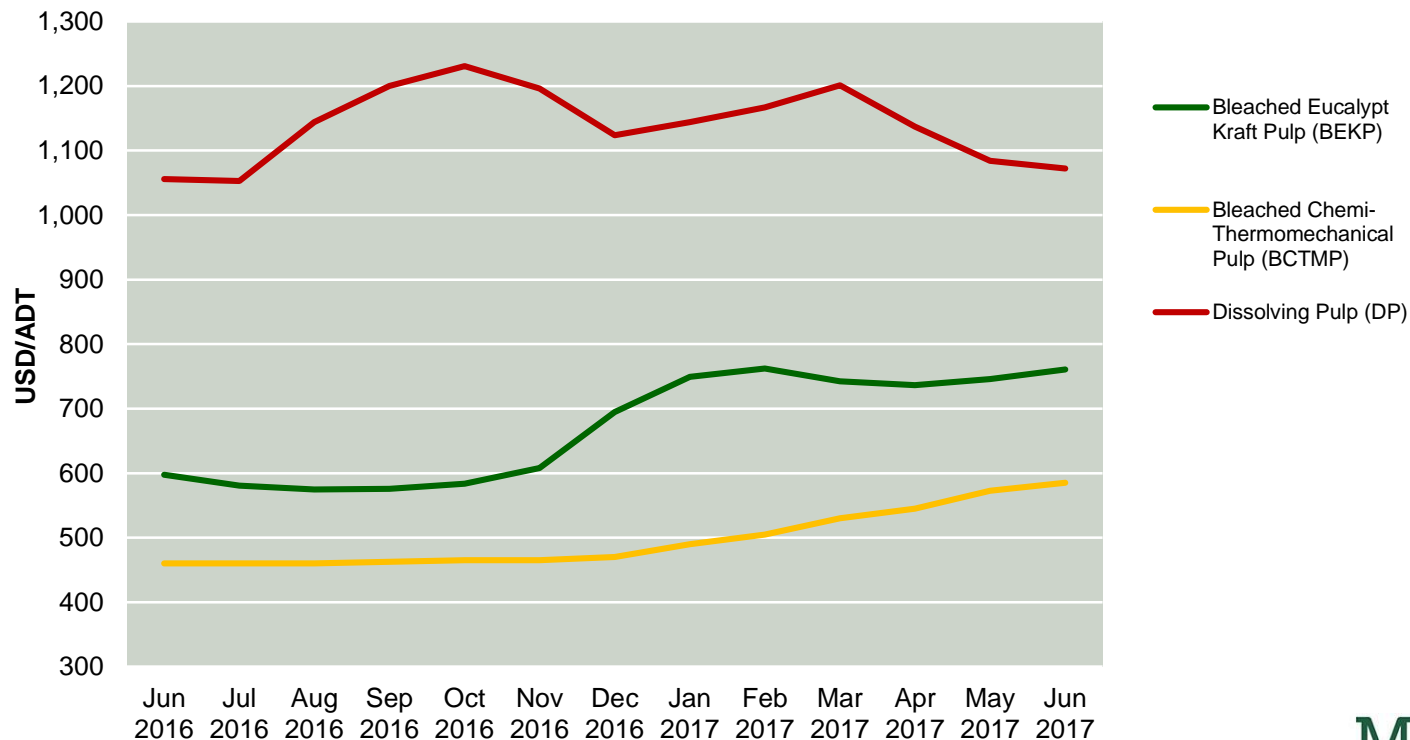


- Historically, the majority of Australian woodchip exports to Japan were priced in AUD
- Woodchip exports are now priced in USD, and as the AUD exchange rate declines against the USD Australian exporters profit margins have improved
- Japanese customers have traditionally been prepared to pay a higher price for high-quality, high yielding woodchips from woodchips from Australia, South Africa and Chile
- China have now moved from a low price, low quality buyer to paying higher prices for our higher quality and yielding woodchips
- A lower AUD has also allowed exporters to gain market share by being more cost competitive versus other exporting nations

Source: RISI, Inc. 2016 Report: Outlook for Hardwood Chip Supply and Demand in the Asian Markets, 2015-2030 (Updated for 2016 and 2017 pricing)

Pulp pricing over the last twelve months

Average Hardwood Pulp Prices in China (USD/ADT)



Source: RISI, Inc.

Committed supply of raw materials

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

Strategic priorities

EBIT over time:

1. OPERATING EFFICIENCIES

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

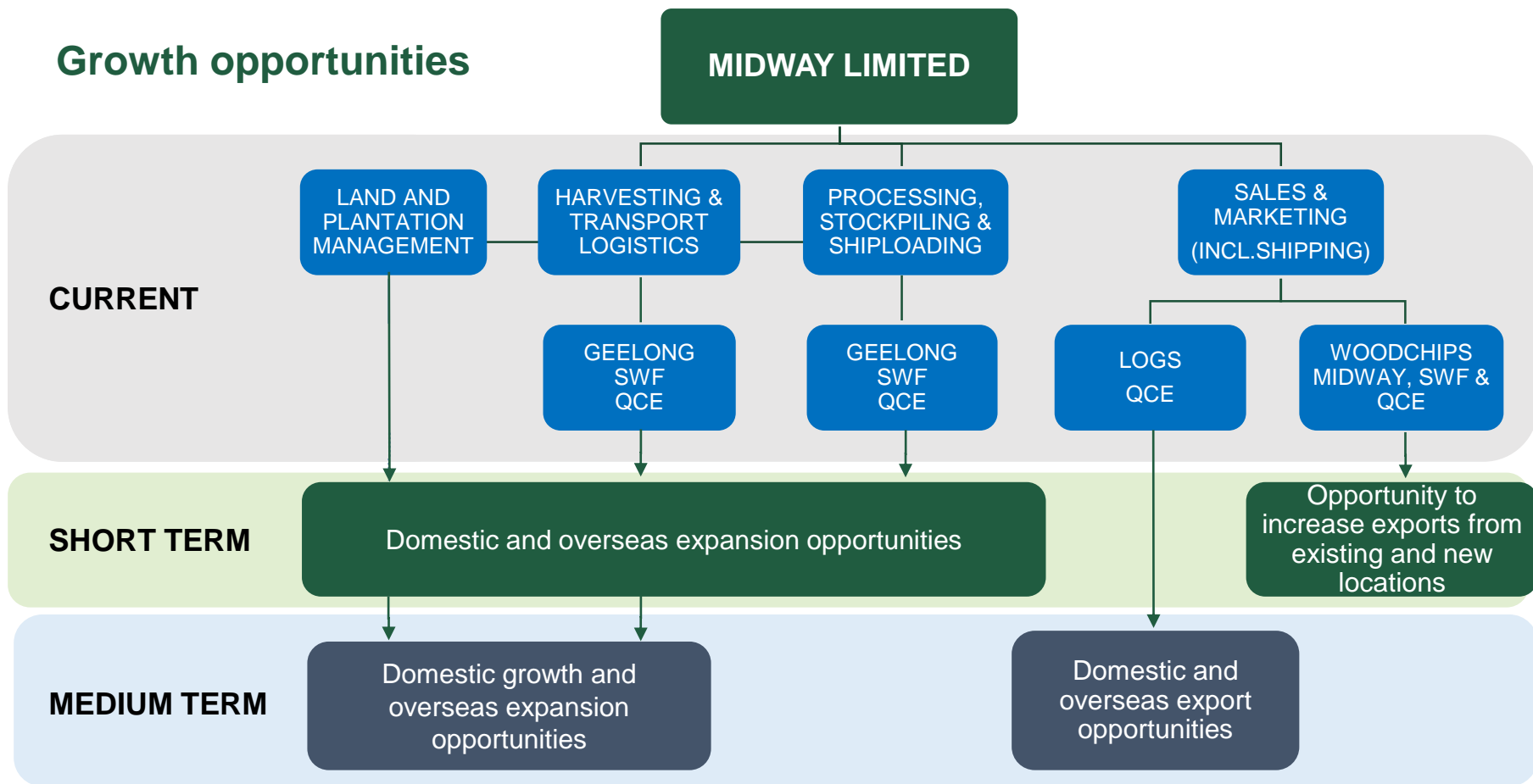
2. EXPANSION OF EXISTING BUSINESS

- 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

Growth opportunities



Recent results

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.

Trading update – confident of meeting full year prospectus forecast

- Conservative management of \$A exposure
- Secure timber supply arrangements
- Committed vessel program
- Continued focus on operational efficiency

Questions

MIDWAY LIMITED
ACN 005 616 044
10 The Esplanade, North Shore
www.midwaylimited.com.au

Tony Price
Chief Executive Officer
T: +61 3 5277 9255
E: tprice@midway-pl.com.au

Sophie Karzis
Company Secretary
T: +61 3 9286 7500
E: sk@ccounsel.com.au



Appendix

Additional information

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.