



Fiscal Year 2017 Analyst and Investor Presentation

August 2017

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Chief Executive, Midway Limited



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

Solid full year 2017 results



FY17 results in line with expectations

- Sales of \$209.2 million and EBITDA of \$24.9 million
- Pro forma NPAT of \$17.3 million, exceeding the pro forma forecast
- Statutory net profit before tax was \$19.9 million and NPAT was \$14.9 million, down 42.5% on a pcg basis due to the sale of the tree crop and no proceeds from log sales
- Fully franked final dividend of \$0.09 cents per share for a total dividend for the year of \$0.18 cents per share

Cash flow positive and strong balance sheet

- Strong working capital position
- Low credit risk on receivables
- Meeting all financial covenants

Positive international fundamentals

- Export demand is forecast to remain strong, especially in China, with future global supply constraints contributing to positive pricing trends
- Midway has continued to cement key trading relationships with our export customers, especially with pulp and paper producers in China and Japan

Business unit contributions [Pro Forma]

| | Revenue | | EBITDA | | NPAT | | Comments |
|---|--------------|--------------|-------------|-------------|-------------|-------------|--|
| \$Am | FY16 | FY17 | FY16 | FY17 | FY16 | FY17 | |
| Midway Midway 100% | 184.0 | 182.6 | 25.9 | 24.1 | 15.2 | 13.8 | Geelong performed well throughout the year, with slight decrease in sales volume offset by higher dry fibre content, better USD FOB sale prices and a favourable exchange rate |
| SWF Midway 51% Mitsui 49% | 85.5 | 77.6 | 9.4 | 5.4 | 5.7 | 2.8 | SWF had strong performance, slightly better than the prospectus forecast |
| QCE Midway 90% Graincorp 10% | 16.3 | 26.6 | 4.0 | 1.2 | 2.5 | 0.7 | Geelong and SWF offset lower sales volumes from QCE which was adversely affected by lower softwood export volumes and adverse weather conditions in northern NSW that impacted hardwood harvesting |
| Eliminations | (85.5) | (77.6) | (3.7) | (2.3) | - | - | |
| Total | 200.3 | 209.2 | 35.6 | 28.4 | 23.4 | 17.3 | |

Financial Performance

| \$Am | FY16 | FY17 | % Change |
|-----------------------------------|---------|---------|----------|
| Sales Revenue | 208.5 | 209.2 | 0.3% |
| Other Income | 4.6 | 4.1 | (10.9%) |
| Equity Accounted Share of Profits | 5.7 | 2.8 | (50.1%) |
| Operating Costs | (178.0) | (191.2) | (7.4%) |
| EBITDA | 40.8 | 24.9 | (39.0%) |
| Depreciation and Amortisation | (3.6) | (3.4) | 5.6% |
| EBIT | 37.2 | 21.5 | (42.2%) |
| Finance expense | (2.0) | (1.6) | 20.0% |
| Pre-Tax Profit | 35.2 | 19.9 | (43.5%) |
| Tax Expense | (8.8) | (5.0) | 43.2% |
| Statutory NPAT | 26.4 | 14.9 | (43.6%) |
| Pro forma NPAT | 23.4 | 17.3 | (26.1%) |

Cash Flow

| \$Am | FY16 | FY17 | \$Am Change |
|---------------------|--------|--------|-------------|
| Operating Cash Flow | 3.0 | 16.2 | 440.0% |
| Investing Cash Flow | 51.7 | (0.4) | (100.8%) |
| Financing Cash Flow | (72.7) | (12.0) | 83.5% |
| Net Change in Cash | (18.0) | 3.8 | 121.1% |
| Net Debt | 19.9 | 16.6 | 16.6% |
| Interest Cover | 21.7 | 18.6 | 14.3% |

Balance Sheet

| \$Am | FY16 | FY17 | \$Am Change |
|--------------------------------------|-------|-------|-------------|
| Total Current Assets | 39.0 | 35.7 | (8.5%) |
| Total Non-current Assets | 117.3 | 119.1 | 1.5% |
| Total Assets | 156.3 | 154.8 | (1.0%) |
| Total Current Liabilities | 20.9 | 19.9 | 4.8% |
| Long Term Debt | 30.4 | 30.9 | (1.6%) |
| Total Non-current Liabilities | 44.9 | 43.9 | 2.2% |
| Total Liabilities | 65.8 | 63.8 | 3.0% |
| Net Assets | 90.5 | 91.0 | 0.6% |

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 chartering

- Effective management of vessel chartering to maximise profit

Customer contracts

- Focused on maintaining a diversified customer base, while ensuring strong relationships with key customers
- Demand from key customers in China and Japan is likely to exceed our existing supply for foreseeable future, demonstrated by fact Chinese hardwood woodfibre imports are up 12.5% in 2017 from the previous year

Supply of logs

- A number of long term supply agreements with major plantation owners in place
- Regularly signing up smaller plantation owners in Geelong and Portland
- Large volume of hardwood plantation available for Brisbane



Strategic Priorities and Outlook

August 2017

Strategic Priorities

Good progress against Strategic Objectives in FY17

- The company has continued to maximise long term supply by replanting across the land portfolio and securing contracts with plantation owners.
- Midway continues to assess opportunities to better utilise existing facilities and acquire businesses in key forestry areas in Australia and overseas.
- The Group maintains a disciplined approach to capital management to ensure we maximise shareholder value.

Increasing 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
- Better utilisation and expansion of existing infrastructure

3. ACQUISITIONS

- Complementary businesses
- Industry consolidation
- Domestic and international

FY18 Outlook

Strong demand underpinning a positive price outlook

- Focus on optimising use of existing infrastructure and bolt-on acquisition opportunities to grow revenue
- Continue to closely manage key value drivers including:
 - Production and Shipping schedules
 - Supply chain costs
 - Processing costs
 - Wood supply
 - Foreign exchange exposure
- Further expansion of pulp processing capacity in China, for both paper and textile end uses is currently under construction and is expected to come online in 2018-19. This will drive further demand in woodchip consumption.



Appendix

Overview of Company

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
- Wholly owns strategic processing and export facilities in Geelong
- Substantial future supply from a range of large plantation growers
- Key assets also include ~16,000 ha of freehold plantation land valued at \$64.0 million as at 30 June 2017
- Hardwood woodfibre capacity ~4.0 million GMT per annum
- Softwood woodfibre capacity ~0.4 million GMT per annum



Tony Price, Managing Director & CEO

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



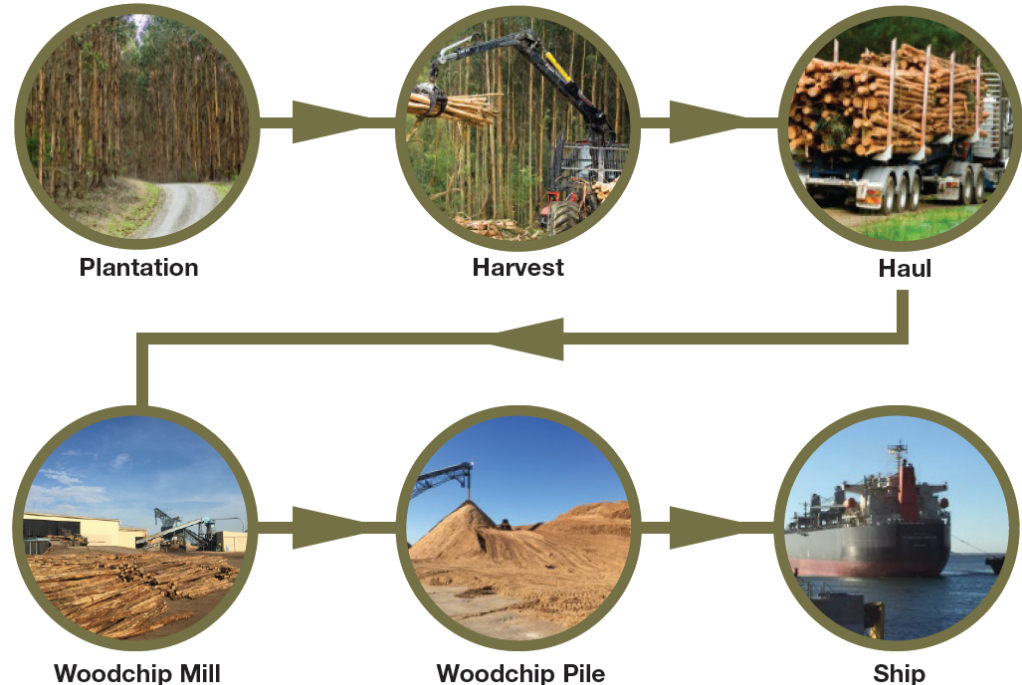
Ashley Merrett, Chief Financial Officer

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

Largest Australian processor of woodchips

- A leading company in the Australian forestry sector, primarily involved in the production and export of high quality woodfibre 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 \$64.0 million (as at 30 June 2017) – The Company uses this land to extract existing trees owned by a third party and plant new seedlings, where appropriate. The Company continues to assess the highest and best use of this land in order to maximise shareholder wealth.

Overview of Midway's business activities



Strategically located port and processing facilities

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



QCE Brisbane

- Sole woodfibre 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 woodfibre 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 woodfibre receival, storage and loading facilities contracted with GrainCorp
- 80,000 GMT woodfibre stockpile capacity
- Woodfibre 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 woodfibre 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 hardwood (includes plantation and native) and 100,000 GMT per annum softwood



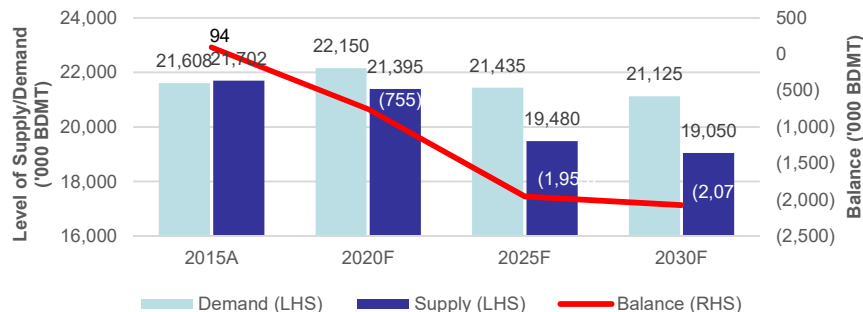
Midway

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 woodfibre pricing, particularly from 2020-2030
- The woodfibre 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% |
| 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%) | | |

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

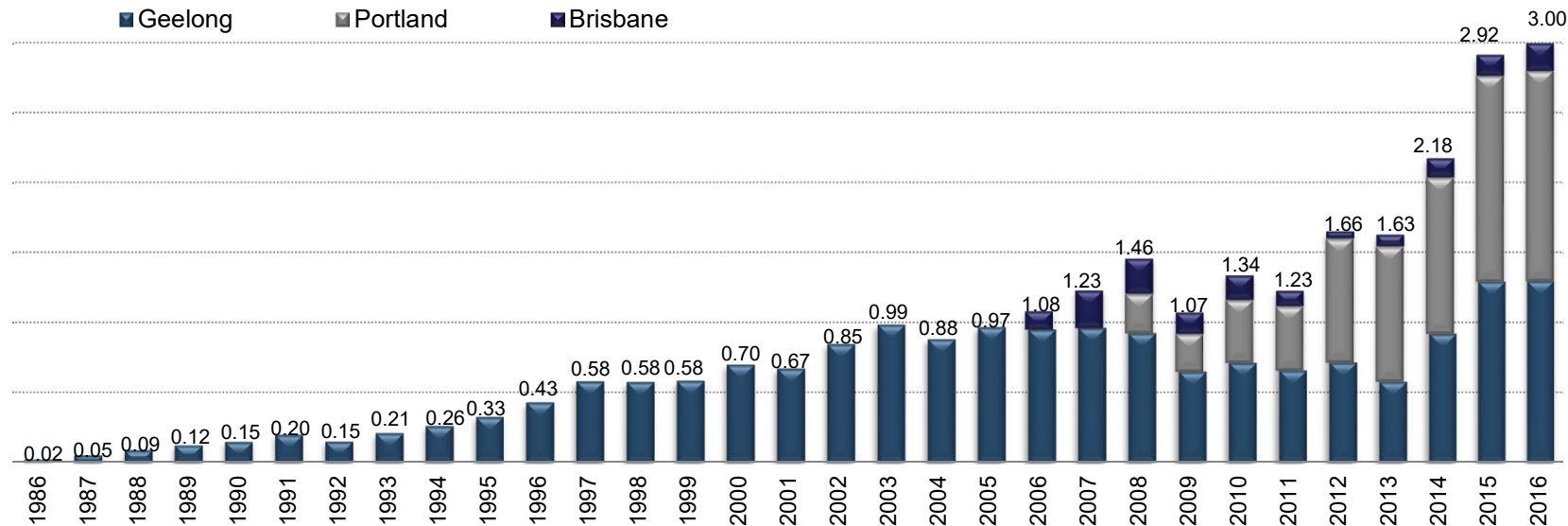
| Facility Volumes (000's GMT) | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 |
|---------------------------------|--------|--------|--------|--------|--------|
| Geelong | 1,413 | 1,201 | 900 | 865 | 885 |
| Portland | 1,545 | 1,661 | 1,450 | 1,456 | 1,337 |
| Brisbane | 292 | 355 | 355 | 380 | 480 |
| TOTAL | 3,250 | 3,217 | 2,705 | 2,701 | 2,702 |

- 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 up to 400K GMT per annum for 8-10 years)
- Strategic Alliance Agreement with GMO Renewable Resources
 - Midway has entered into a Strategic Alliance Agreement with GMO Renewable Resources to explore opportunities to the purchaser of Midway's plantation assets to expand the plantation estate for Midway to have additional long term resource supply

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
Independent 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 Gunnensen
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 Gunnensen
Non-Executive Director

Mr Gunnensen has extensive experience in the timber sector. He is Chairman of the Gunnensen family investment companies and Gunnensen Companies Pty Ltd and was previously Managing Director of Gunnensen 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 and Marketing
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 over 30 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 Company Secretary for SWF and QCE. He has a Bachelor of Commerce and over 25 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 over 30 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.