
Interim Result FY18

Analyst and Investor Presentation

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Chief Executive, Midway Limited



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

Performance Overview

First Half FY18 EBITDA \$6.5M (\$10.8M pcg)

1H18 results down on pcg:

- Volume impact on revenue of two delayed export shipments
- Earnings impact on export shipments of stronger A\$
- Higher wood supply costs

Midway confident of meeting FY18 full year market earnings forecast range because of:

- Volume skewed to second half including the two delayed shipments
- Improved woodfibre prices in the second half up 10%
- Full contribution of six months earnings from PMP acquisition
- Planned commencement of log exports from Melville Island
- Increased sales on behalf of third party wood suppliers

The A\$ volatility continues, however the Group is actively hedging to manage currency risk.

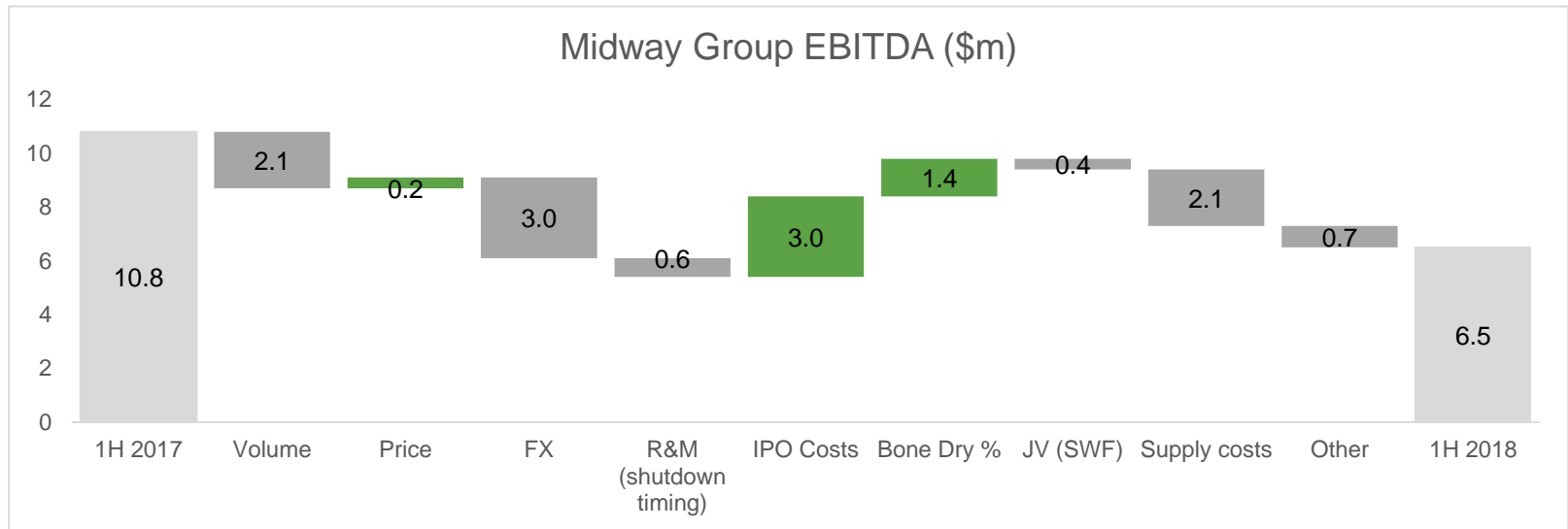
- External FX forecasts continue to show a lower A\$ moving through 2018

Revenue
\$85.2M -3%

NPAT
\$2.7M -58%

Net Debt
\$49.9M

Midway Group EBITDA



Financial Performance

\$Am	1H18	1H17	% Change
Sales Revenue	85.2	88.0	(3.2)
Other Income	2.0	1.8	11.1
Equity Accounted Share of Profits	1.2	1.6	(25.0)
Operating Costs	(81.9)	(80.6)	(1.6)
EBITDA	6.5	10.8	(39.8)
Depreciation and Amortisation	(2.0)	(1.7)	(17.6)
EBIT	4.5	9.1	(50.5)
Finance expense	(1.1)	(0.7)	(57.1)
Pre-Tax Profit	3.4	8.4	(59.5)
Tax Expense	(0.7)	(1.9)	63.2
Statutory NPAT	2.7	6.5	(58.5)

Cash Flow

\$Am	1H18	1H17	\$Am Change
Operating Cash Flow	(11.2)	(2.5)	(8.7)
Investing Cash Flow	(15.2)	0.8	(16.0)
Financing Cash Flow	13.7	(4.9)	18.6
Net Change in Cash	(12.7)	(6.6)	(6.1)
Net Debt⁽¹⁾	49.9	26.5	23.4

(1) Net debt has increased due to the drawdown of \$14.0M on the acquisition facility for the purchase of PMP and a land and tree purchase in South West Victoria and the drawdown of \$6.8M on the working capital facility to support the two shipments which were moved into H2 FY18.

Balance Sheet

\$Am	1H18	1H17	\$Am Change
Total Current Assets	36.2	33.5	2.7
Total Non-current Assets	137.3	120.5	16.8
Total Assets	173.5	154.0	19.5
Total Current Liabilities	29.4	15.8	(13.5)
Long Term Debt	39.5	30.5	(9.0)
Total Non-current Liabilities	56.9	45.0	(11.9)
Total Liabilities	86.2	60.8	(25.4)
Net Assets	87.3	93.2	(5.9)

Business unit contributions

	Revenue		EBITDA		NPAT		Comments
\$Am	1H18	1H17	1H18	1H17	1H18	1H17	
Midway Midway 100%	59.3	67.5	6.8	10.4	3.3	5.4	An unfavourable exchange rate impacted Geelong's performance, partially offset by a higher dry fibre content and better USD FOB sale prices
SWF Midway 51% Mitsui 49%	41.7	40.8	2.3	2.9	1.2	1.6	SWF had strong performance, impacted by lower volume and a higher exchange rate
QCE Midway 90% Graincorp 10%	11.1	11.7	(1.0)	0.3	(0.8)	0.1	QCE was adversely affected by lower softwood export volumes; expected to recover to profitability in H2
PMP⁽¹⁾ Midway 100%	2.1	-	0.5	-	0.2	-	PMP's contribution from 26 October 2017
Eliminations	(29.0)	(32.0)	(2.1)	(2.8)	(1.2)	(0.6)	
Total	85.2	88.0	6.5	10.8	2.7	6.5	

(1) Results consolidated from 26 October 2017

The background of the slide is a photograph of a logging operation, featuring a large excavator and a pile of cut logs. The entire image is covered with a semi-transparent green overlay.

Strategic Priorities and Outlook

February 2018

Strategic Priorities on track post IPO

Good progress continues to be made with our Strategic Objectives for FY18

- The company continues to maximise long term supply by replanting existing land, securing contracts with third party plantation owners and pursuing investment in plantation expansion
- Midway continues to assess opportunities to better utilise existing facilities and acquire businesses in key forestry areas in Australia and overseas
- PMP and ADDCO acquisitions completed
- 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

Finalised acquisition of Plantation Management Partners Pty Ltd (PMP)



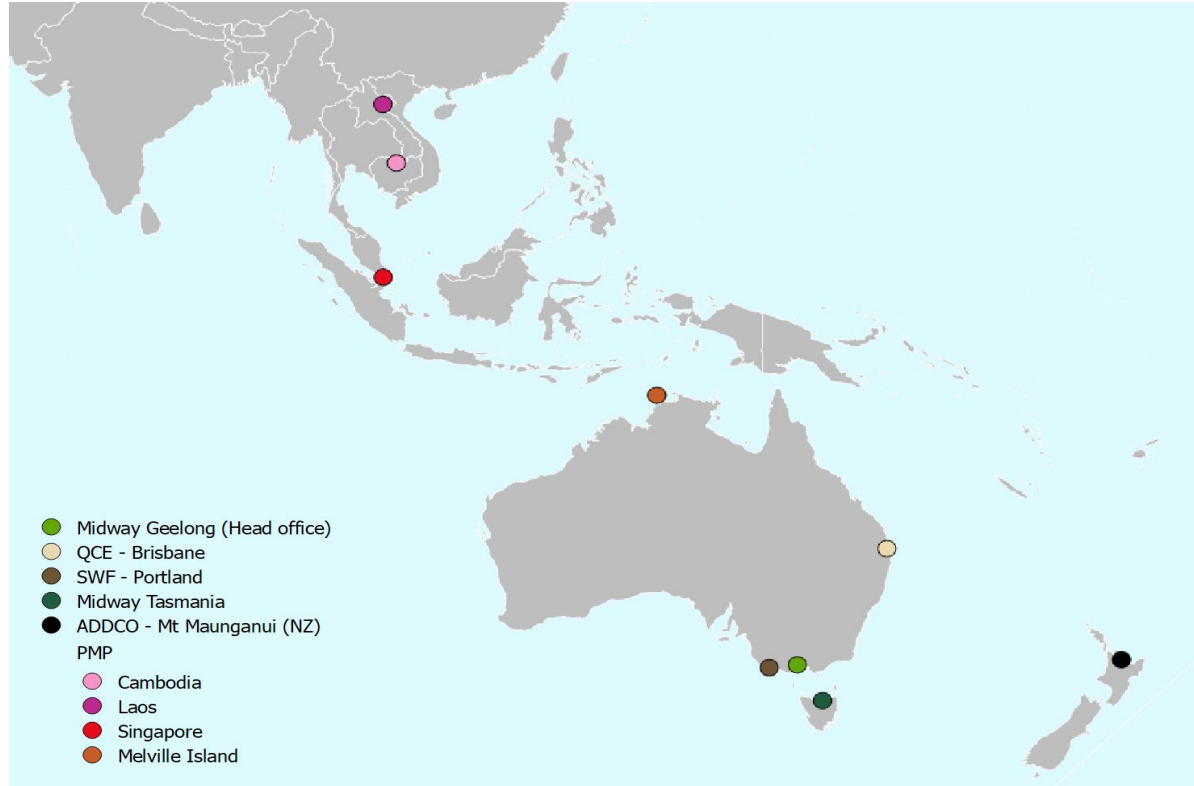
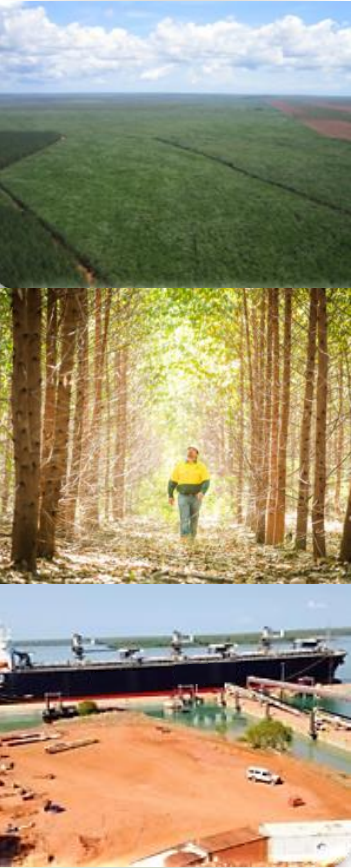
- Privately-owned plantation management business with over 70,000 ha of plantation under management in Northern Australia and SE Asia
 - 34,000 ha of Acacia on Melville Island (NT)
 - 13,000 ha plantation teak estate in Cambodia
 - 24,000 ha Eucalyptus/Acacia plantation estate in Laos
- Has developed a strong industry reputation as a high-quality plantation manager
- High quality team
- Value accretive
- Potential to grow revenue from expansion of plantation management business, with a number of growth projects in Northern Australia and South East Asia currently in the pipeline

Strategic Investment – ADDCO Fibre Group



- Strategic investment in ADDCO Fibre Group
- ADDCO Fibre Group provides forestry supply chain and logistics services to clients in the Australasian forestry and wood processing sectors.
- ADDCO Fibre Group Limited was founded in 2017 and is based in Mount Maunganui, New Zealand
- Investment to complement existing activities and expand on the range of service offerings from the Group
- ADDCO has a strong management team with an average of 20 years experience in the forest services and logistic sector

Diversified Geographic Footprint



Strong outlook for FY18



FY18 results on track with market earnings forecasts range

- Full year results on track despite lower than expected H1
- Higher sales volume
- Positive price movement
- Contribution from chip trading activities

Contribution from new business activities

- Plantation Management Partners to fully contribute in H2
- Additional sales volume from Tasmania and Tiwi Islands
- Planned export log sales from Tiwi Islands

Positive international fundamentals

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



Appendix

Overview of Company

A leading woodfibre 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 \$68.2million as at 31 December 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

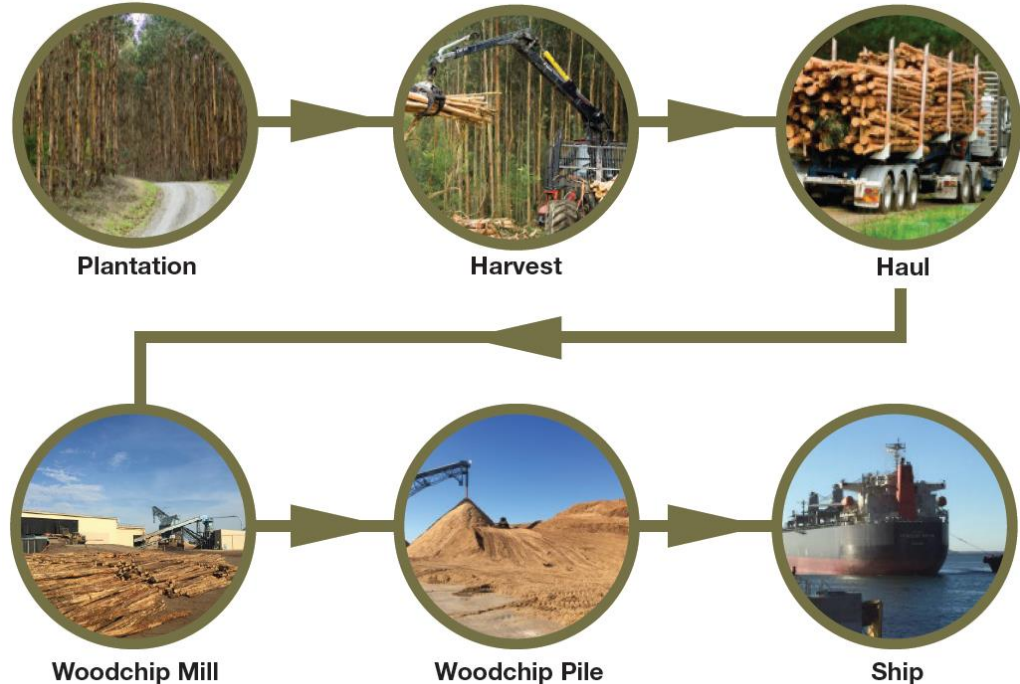
- ✓ Joined Midway in 1993
- ✓ Over 25 years with the Company
- ✓ Oversaw QCE and South West Fibre acquisitions
- ✓ Over 25 years experience in finance and management

Midway

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 ~16,500 ha of freehold plantation land valued at \$68.2 million (as at 31 December 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



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



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



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



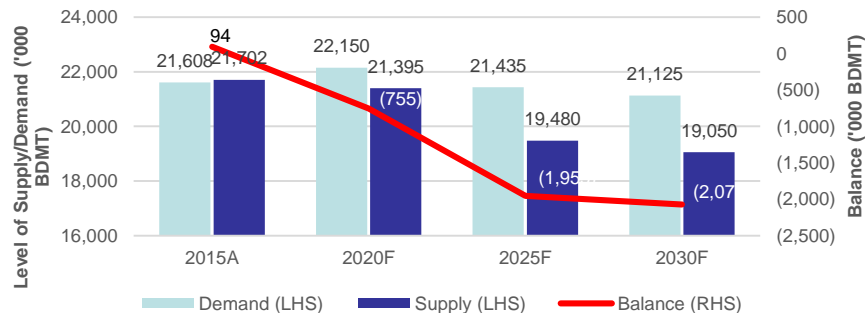
Midway

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%)		

Future Wood Supply Volumes

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

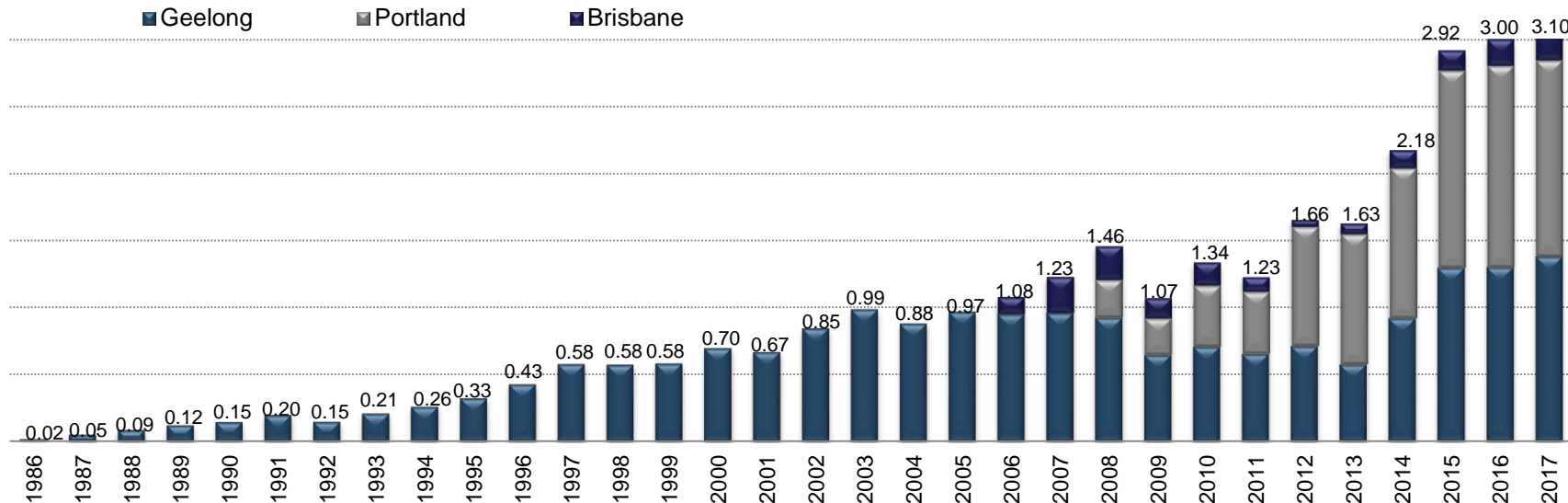
Facility Volumes (000's GMT)	FY2017	FY2018	FY2019	FY2020	FY2021
Geelong	1,413	1,201	900	865	885
Portland	1,545	1,661	1,450	1,456	1,337
Brisbane	292	355	355	380	480
Melville Is		200	300	400	400
Tasmania		160	360	450	450
TOTAL	3,250	3,577	3,365	3,551	3,552

- Large volume of hardwood plantation available for Brisbane up to 400K GMT per annum for 8-10 years)
- New volume from Melville Is and Tasmania
- The Group is in discussions with several industrial and institutional partners to invest in the expansion of the plantation estate in the Geelong facility catchment
- Working with industry stakeholders on a broad strategy to encourage farmers to grow trees on their land in the Geelong facility catchment

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 Gunnarsen
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.



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



Glen Samsa
General Manager - Plantations

Glen brings over 20 years of industry expertise and is the Chief Executive Officer of the recently acquired Plantation Management Partners. He has extensive knowledge and skills in forestry analysis and valuation, project development, technical management, and financial management and reporting. Glen is a member of the Institute of Foresters of Australia, and the Australian Institute of Company Directors.



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 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.