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# Investor presentation

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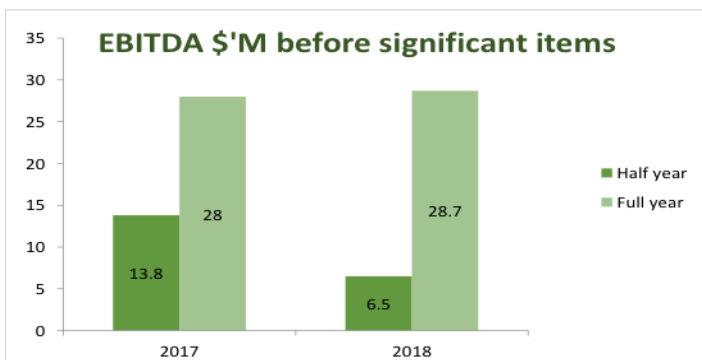
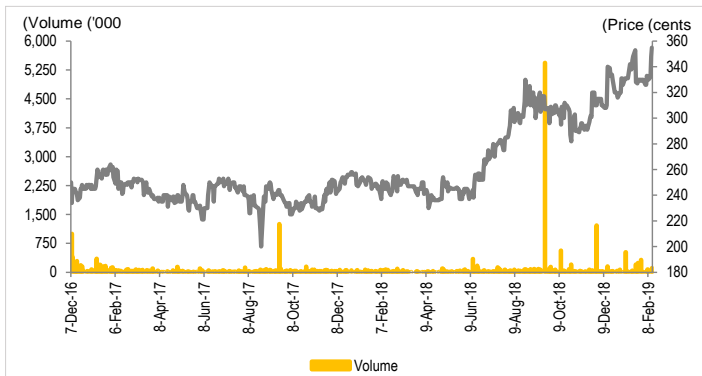
All references to dollars are to Australian currency unless otherwise stated.



# Agenda

- Performance
- Areas of expertise
- Growth strategy
- Investments
- Outlook

# Strong performance since listing



## Performance

- Share price has continued to improve on the back of the Group's performance over the first two years listed on the ASX.
- The Group has met consensus forecasts in both years.
- Continued growth is expected as acquisitions are integrated and new opportunities continue to be assessed.
- Dividend yields of 5.8% in both FY17 and FY18.

## Favourable market conditions

- Woodfibre demand in Asia-Pacific expected to continue to increase with most shipments bound for China and Japan.
- Favourable FX conditions have continued in FY19 with the weakening of the Aussie dollar.
- Average 11% price increase secured for 2H19 woodfibre exports.

# What we do well

## Key areas of expertise



### Plantation and land management

- Existing freehold estate
- Experienced plantation manager
- Company owned
- Third party
- Domestic and international



### Harvesting and logistics

- Extensive experience in contract management
- Large fleet of harvesting and haulage contractors
- Operations in most states



### Processing and materials

- Management of woodfibre processing plants
- Professional operations and maintenance staff
- Bulk materials handling
- Quality management systems
- Skilled in shiploading



### Marketing and shipping

- Market most of own product directly
- Strong market presence in Japan and China
- Trading third party woodfibre
- Ship chartering – 4 vessels currently on charter

# Our growth strategy

## Increasing EBITDA over time:

### 1. EXPANSION OF EXISTING BUSINESS

- Growth of plantation management and woodfibre processing businesses
- Increased utilisation and expansion of existing infrastructure
- Development of Hardwood and Softwood log exports

### 2. ACQUISITIONS

- Complementary businesses
- Industry consolidation
- Domestic and international

### 3. OPERATING EFFICIENCIES

- Economies of scale
- Margin expansion
- Cost management

# Australasian growth opportunities



## Plantation management

- Further expansion of Midway's position in the supply chain to reduce operational and market risks and capture additional margins.
- New and expanded areas of plantation management in Australia, South East Asia and New Zealand.



## Harvesting and logistics

- ADDCO purchased Hoffman Forest Harvesting, a harvesting and logistics company in Australia.
- Acquisition of Softwood Logging Services (SLS), a harvest and haul business in WA.
- Expansion opportunities throughout Australia.



## Woodfibre expansion

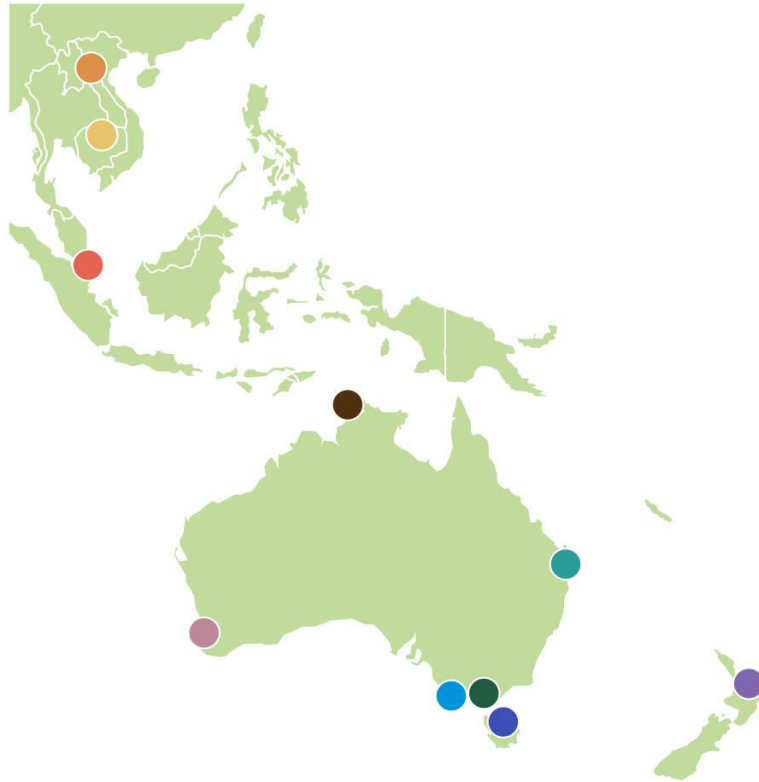
- Opportunities actively being progressed in Tasmania.
- Expansion in marketing of woodfibre on behalf of third parties.
- Woodfibre expansion in Victoria through freehold land purchases, leasing and share farming.
- Pine log sales to commence from Northern Australia.



## Biomass production

- Acquisition of a shareholding in Bio Growth Partners providing Midway positive market exposure to the rapidly expanding clean energy sector.
- Domestic and export sales of biomass and wood pellets.

# Expanding our geographic footprint



- Midway Geelong (Head Office)
- QCE Brisbane
- South West Fibre/Portland
- Midway Tasmania
- ADDCO Mt Maunganui (NZ)
- SLS/BGP Western Australia

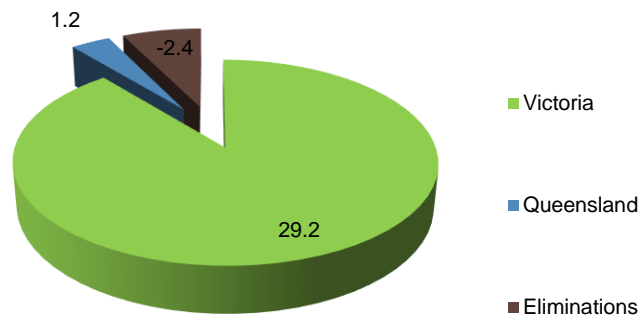
## Plantation Management Partners

- Cambodia
- Laos
- Singapore
- Melville Island

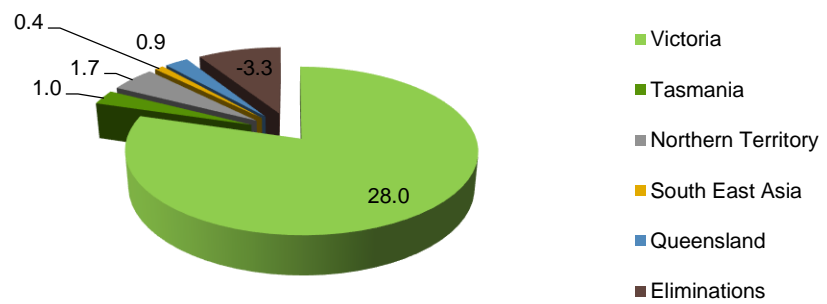


# Diversifying our earnings growth

EBITDA \$'M by geographic location 2017



EBITDA \$'M by geographic location 2018



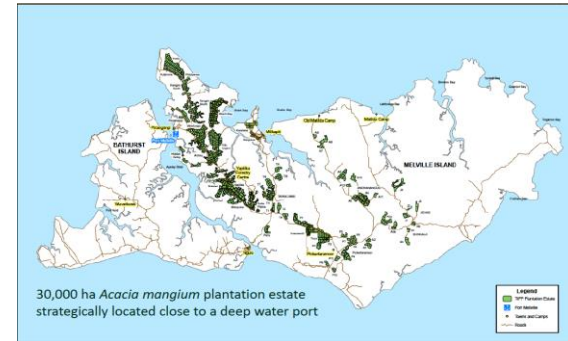
# Investing \$17 million on the Tiwi Islands

## Investment

- The investment will be used to acquire additional production and port assets on the Tiwi Islands that will increase woodfibre production and deliver cost efficiencies.
- PMP now manages the entire woodfibre supply chain and will deliver to market an additional three to five vessels per annum on behalf of the Tiwi's Islanders.
- The investment is also consistent with the Groups' strategy of growing earnings by leveraging our existing core capability including processing, marketing, harvesting and plantation management.

## Community

- Midway is proud of our association with the Tiwi people who are very focussed on providing long term employment and economic activity on the island.
- Tiwi consistently represent over 30% of the Group's labour force.



## Our WA biomass acquisition

- Midway acquired two businesses in WA, which settled in October. The businesses are located near Bunbury in South West, Western Australia.
- Softwood Logging Services (SLS) provides Midway with access to equipment, management expertise and contracts for the harvesting, processing and delivery of woodfibre and biomass to customers in South West, Western Australia.
- Bio Growth Partners (BGP) also secures biomass resources, contracts with SLS for processing and logistics, and markets the processed biomass to contracted domestic and export customers. It will provide Midway with the opportunity to participate in the emerging biomass market in Australia and overseas.



# Investing in ADDCO expansion

- \$0.4M (25%) 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.
- ADDCO recently acquired Hoffman Forest Harvesting (HFH) and Midway contributed an additional \$1.8M for this purchase, maintaining our 25% share.
- HFH harvests and hauls both hardwood and softwood timbers from plantation forests in Victoria and Queensland, Australia using state of the art harvesting equipment.
- These operations, collectively, give ADDCO excellent geographical coverage in key Australian forestry regions, across the entire east coast of Australia. This is a positive early development for ADDCO and an advantageous platform for growth.



# Growing our Tasmanian business

- Midway Tasmania has commenced trading and is actively growing our presence in Tasmania.
- A joint venture marketing company has been established with RMS and Pentarch, called the Plantation Export Group (PEG).
- Midway also entered a throughput arrangement with a major wood processor at Bell Bay in North East Tasmania for PEG and Midway Tasmania trade.
- PEG handles around 400K GMT/annum of RMS plantation resource and around 100K GMT/annum of private plantation resource secured by Midway Tasmania.
- We have recruited a local manager and established a small office in Hobart.
- There is also a large volume of artificially established mixed eucalypt forest on both private and public land which is available for thinning.

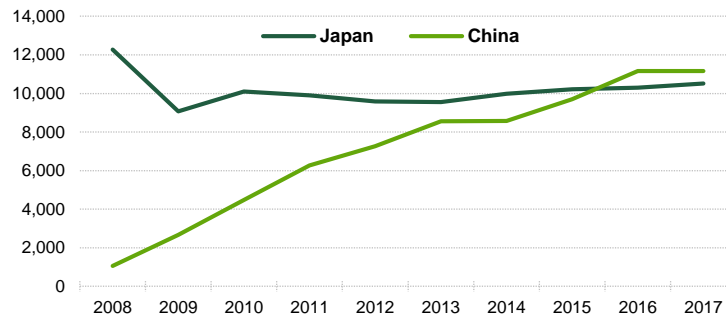




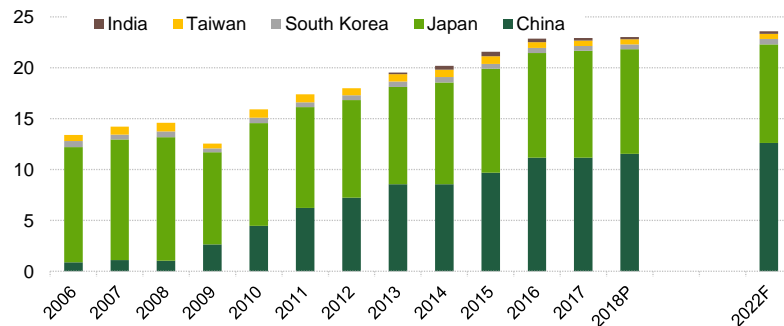
# Positive pricing outlook

- Demand for woodfibre in the Asia-Pacific region is expected to continue to grow with most shipments bound for China and Japan.
- China demand has exceeded Japan since 2017, while Japan has continued to increase slowly.
- China has an increased appreciation of higher quality eucalyptus woodfibre which produces higher yields, requires less chemicals, less energy inputs and the processing cost is lower.
- China's woodfibre pricing has increased to match or exceed Japan while also committing to longer term contracts.
- Given the growing demand for hardwood woodfibre Midway as Australia's largest woodfibre processor and exporter is well positioned to secure additional volume and new customers.
- Indonesia has commenced woodfibre imports from September 2018.

Hardwood Chip Imports Volume, 2008-2017 ('000 BDMT)



Asia-Pacific Hardwood Chip Imports by Market 2006-2022F (million BDMT)



Source data: International Pulpwood Trade Review, RISI 2018.



## In summary

- A solid financial performance
- Growth strategy is progressing well
- Market outlook is strong