



2019 Annual General Meeting of Shareholders

October 2019

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FY19 Performance

The background of the slide is a photograph of a logging operation, overlaid with a semi-transparent green filter. It shows a large crane lifting a massive bundle of cut logs. In the lower-left foreground, a worker is visible near a metal cage or platform. The scene is set in a forest with many tall, thin trees.

Overview

Strong underlying performance in FY19

- FY19 EBITDA – S⁽¹⁾ of **\$37.1M** (FY18: \$28.7M) +29.3% increase
- Net profit before tax was **\$33.1M** (+34.0%) and NPAT of **\$26.2M** (+42.4%)
- Favorable sales price increase of \$12 USD / BDMT on average over the pcg
- Bone dry % increased over prior corresponding period (+2.1% increase)
- FX benefit over prior corresponding period (5 cents USD movement)

Integration of acquisitions

- Softwood Logging Services (SLS)⁽²⁾ (100%) and BioGrowth Partners (BGP) (40%) included in Forestry Logistics segment
- Rebranding of SLS to Midway Logistics to support incremental volume growth in FY20, by leveraging Midway's existing relationships in WA
- Midway invested \$19.8M in restructuring PMP, equipment is now in good shape
- Acquisitions completed, fully integrated and expected to support future return growth

Growing shareholder returns

- Capital raising supporting continued growth through acquisitions and investments
- Strong balance sheet ensuring Midway well situated for growth opportunities

Revenue
\$283.6M +22.3%

EBITDA⁽¹⁾
\$37.1M +29.3%

Gearing ratio
26%

Midway

New business activities

Forestry Logistics Segment

- On 15 October 2018, the Company made two acquisitions in Western Australia:
 - 100% of Softwood Logging Services (SLS), a harvest and haul business in WA. SLS provides access to equipment, management expertise and contracts for harvesting, processing and delivery of biomass and other forest products in South-West WA; and
 - 40% of Bio Growth Partners, a biomass procurement and marketing business which supplies woodfibre to the WA biomass market. Bio Growth Partners is not controlled by the Group and as such is equity accounted
- Integration of new acquisitions completed and legacy issues rectified to ensure benefits are realised in FY20
- Rebranding of Softwood Logging Services (SLS) to Midway Logistics to leverage Midway's relationships and ensure volume driven growth in FY20

Ancillary Segment

- Strong trading business growth (marketing and shipping of third party woodfibre) \$2.1M EBITDA-S (FY18: \$0.9M), particularly from Tasmania



Investing \$19.8 million on the Tiwi Islands

Woodfibre Processing Segment

- The investment (\$19.8M) was used to acquire additional production equipment and upgrade port assets on Melville Island which will increase capacity and deliver efficiencies to the operations
- This involved upgrading the existing stockpile infrastructure at the port, purchase of additional plant and equipment (majority hire purchase) and reassigned Tiwi Plantations Corporation (TPC)'s loan receivables with financiers
- PMP is now more aligned with Midway's other operations which manages the entire supply chain and is expected to deliver a better margins for Midway and the Tiwi 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.
- PMP made an EBITDA loss of -\$4.8M due to a major maintenance program and reduced production
- This restructure is expected to be earnings accretive over time



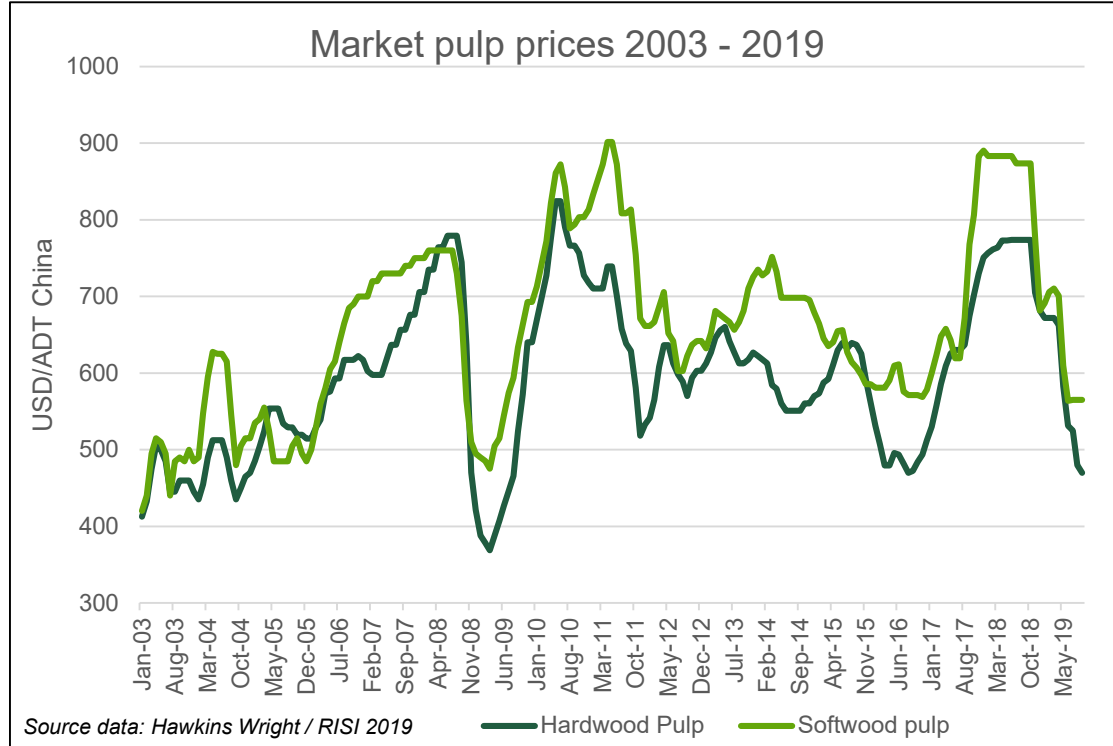
Market update



Pulp market downturn impacting woodfibre exports

2019 Pulp prices

- Softwood and Hardwood pulp prices impacted by over supply since late 2018
- Brazilian downtime predicted to bring markets back into balance over the next 12 months
- Producer inventories have been reduced significantly in Brazil
- US Tariffs on Chinese paper products increased from 10% to 25%
- Some evidence that Softwood pulp prices are improving
- Hardwood pulp prices are stabilising and domestic paper demand and pricing has improved in China

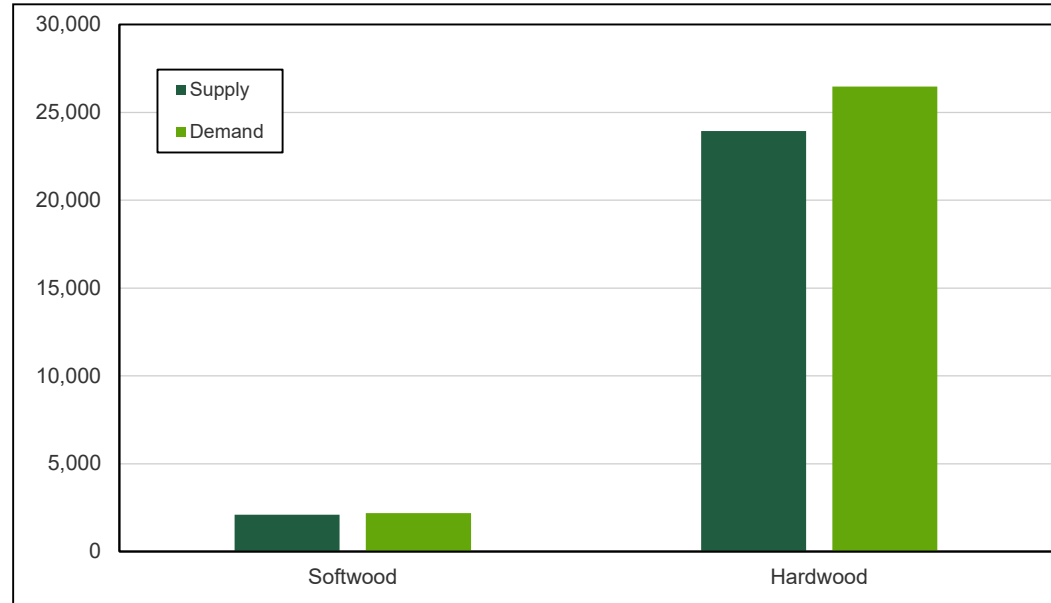


Woodchip supply demand “deficit” still predicted 2019 → 2023

- Latest RISI outlook predicts a 2023 hardwood supply / demand “deficit” ~ 2.5M bdm
- Biomass demand not included and will overlap with traditional demand for some supply
- Still expect deficit to drive pricing upwards in next few years

Outlook for woodchip supply and demand in the Asia-Pacific market, 2023

Thousand BDMT



Source data: RISI 2019

Outlook for FY20



FY20 outlook

- Midway expects there to be an imbalance between Brazilian producers and Chinese traders and buyers for pulp inventories, resulting in short term weakness of volume and price
- This imbalance is expected to correct itself in the 2020 calendar year and pulp prices are anticipated to improve
- Midway has already diversified woodchip sales with an increase in Japanese sales in 2020
- Midway taking remedial steps to limit impact of market downturn through cost savings, efficiency initiatives, more active marketing and development of new revenue initiatives

Positive long term international fundamentals

- The medium term supply/demand curve remains positive as previously reported by RISI
- Very favourable export demand outlook for woodfibre, particularly in China and Japan, and more recently Indonesia as forecast by RISI



Growth opportunities

Future priorities

Increasing EBIT over time:

1. EXPANSION OF EXISTING BUSINESS

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

2. ACQUISITIONS

- Complementary businesses
- Industry consolidation
- Domestic and international

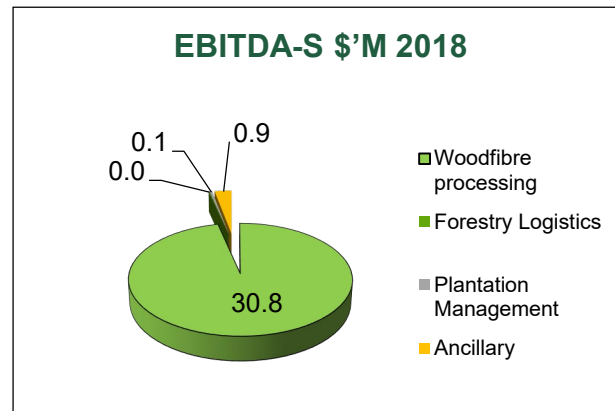
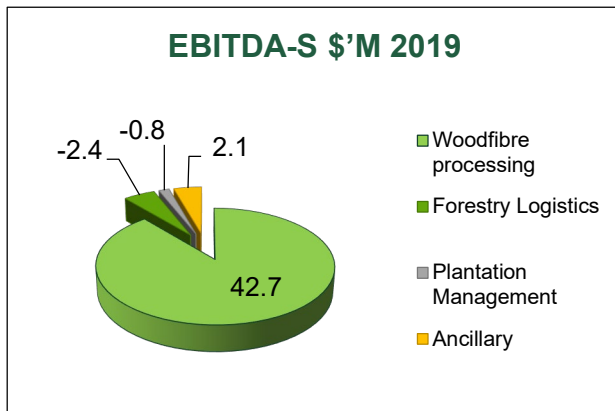
3. OPERATING EFFICIENCIES

- Economies of scale
- Margin expansion
- Cost management

Strategic priorities progressing well

- Maximising long term fibre supply by replanting existing land, securing contracts with third party plantation owners and pursuing investment in plantation expansion
- Entering forestry logistics is providing a platform for further growth (ie SLS and BGP)
- Exports from Tasmania continues to grow rapidly (marketing of third party wood fibre and also Midway purchases)
- Midway maintains a disciplined approach to capital management to ensure we maximise shareholder value
- Midway continues to assess opportunities to better utilise existing facilities and acquire businesses in key forestry areas in Australia and overseas

Broadening the revenue base



Note: Excludes eliminations from calculation

- (1) Forestry Logistics includes a negative contribution in FY19 relating to the startup activities of SLS (now Midway Logistics) and BGP.
- (2) Contribution from Ancillary represents the margin on the third party woodfibre trading business

Grain Export is an opportunity to increase capacity at the Geelong Site

- Well advanced in discussion with a grain trader to establish a JV facility on site
- Potential grain storage and loading capacity for up to 300K tonnes/annum
- Commercial negotiations with all key parties are well advanced
- Term Sheet signed with grain partner
- Port of Geelong very supportive



Tasmania provides an excellent growth opportunity

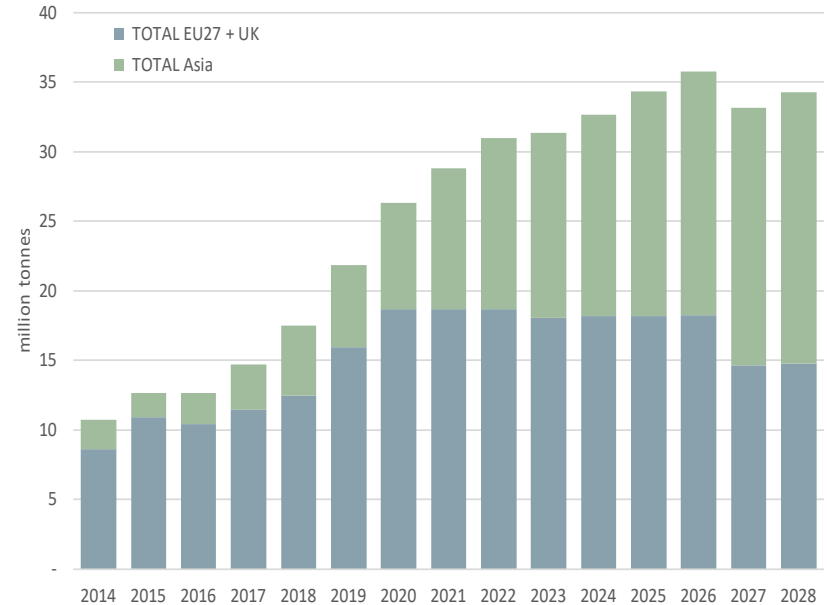
- Significant growth in EBITDA from FY18 - \$0.2 M to FY19 - \$2.5 M
- Successful in securing a large volume of private plantation wood and mixed eucalypt regrowth to harvest and export
- Progressing plans to increase our processing and storage capacity at Bellbay (NE Tas) to handle an additional 400K GMT/annum
- Entered agreement with Tasrail to provide log transport for 50K GMT/annum from SE Tasmania to Bellbay



Midway WA biomass production has started

- Midway Logistics through BGP (40% owned by Midway) is supplying biomass woodchips to South 32 and Alcoa in WA
- Midway exported our first biomass woodchip shipment to Japan in September 2019
- Biomass demand is set to rise dramatically in Asia, particularly in Japan and Korea

Asia: 40% of industrial market by 2022



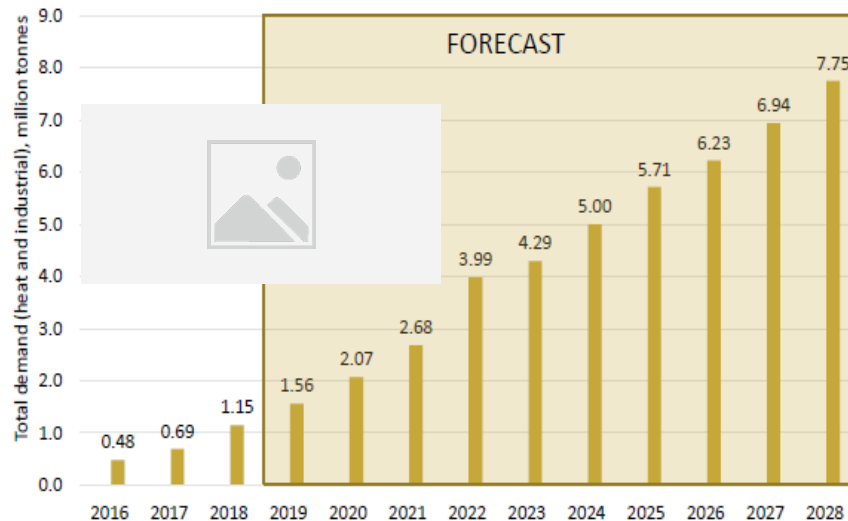
Source data: Hawkins Wright

Demand for wood pellets is expected to grow rapidly

- Wood pellets are being used to replace coal for heat and power production
- Established Auspellets Pty Ltd (a joint venture with Pacific Heat and Power Pty Ltd)
- Auspellets will carry out pellet plant feasibility studies in the domestic regions in which we operate

Japanese pellet demand

Figure 11: Forecast of total wood pellet demand in Japan to 2028



Source data: Hawkins Wright

In Summary

- A solid financial performance in FY19
- Pulp market slowdown, with short term risk to volume and prices in woodfibre markets
- Medium to long term dynamics still extremely positive for woodfibre in the Asia Pacific region
- A number of longer term opportunities to grow and diversify earnings being actively progressed