

MIDWAY LIMITED (ASX: MWY)

24 April 2023

Market Update

Midway Limited, one of Australia's leading woodfibre exporters, today issued a market update on recent developments in woodfibre trading conditions.

Woodfibre Export Prices

The headline FOB export price for E. globulus woodfibre from Victoria in the 2023 calendar year has been settled with Japanese pulp mills at US\$198.75 per bone dry metric tonne (BDMT) which is 10.4% higher than the previous calendar year.

The headline FOB price for E. nitens woodfibre from Tasmania for the 2023 calendar year has also been confirmed at US\$189 per BDMT – approximately a 15% increase on the price during the previous calendar year.

The new woodfibre export prices will be backdated to the start of this calendar year for volumes already shipped.

Market conditions

Global pulp prices have begun to fall from highs reached early in the 2023 calendar year and there are rising pulp and papers stocks at Chinese ports due to lower-than-expected global trading activity.

As a result of the slowing market conditions, it is now expected that some Midway woodfibre export shipments may be deferred into FY24. As a result, second half FY23 export volumes are expected to be slightly lower than first half export volumes. In addition, some of the expected woodfibre volume from the Tiwi Islands is unlikely to be shipped this calendar year.

Any reduction of export shipments will impact the expected turnaround in Midway earnings in FY23 although this impact is expected to be partially offset by the positive impact of higher export prices and an improved currency position compared with FY22. Overall, underlying earnings (EBITDA-S) for FY23 are still expected to be an improvement on the prior corresponding period.

While short-term commodity trading conditions can be volatile, industry reports continue to highlight the positive medium to long-term outlook for Australian woodfibre exporters because of the growing mismatch between regional supply and demand.

The industry reports highlight that woodfibre supply into Asia will continue to be constrained in the next few years but that woodfibre demand will continue to grow as new pulp capacity comes on stream, especially in China.

Global market and regulatory trends, including paper products displacing plastic and the banning of wastepaper imports into China for use in recycled paper and board production, are also driving rising demand for virgin woodfibre.

This announcement has been approved by Midway's Board.

For further information contact:

Robert Hadler
Investor Relations and Media Adviser
T: +61 437 745 462
E: robert.hadler@yahoo.com.au

Rob Bennett
Company Secretary
T: +61 438 556 145
E: rbennett@midwaylimited.com.au

About Midway Limited

Midway Limited is a leading Australian plantation management and woodfibre export company with headquarters in Geelong. Midway was founded in 1980 and is now primarily involved in plantation management and the production, processing and export of high-quality woodfibre to producers of pulp, paper and associated products in the Asian region. Midway owns 100% of Midway Tasmania, based at Bell Bay and Plantation Management Partners (PMP), based on Melville Island. Midway also has majority shareholdings in South West Fibre Pty Ltd (SWF) based in the Green Triangle and Queensland Commodity Exports Pty Ltd (QCE) based in Brisbane. Midway is also building a carbon management portfolio based on forestry plantations. For further information, visit www.midwaylimited.com.au.