

MIDWAY LIMITED (ASX: MWY)

18 May 2023

Market Update

Midway Limited (“**Midway**”), one of Australia’s leading plantation managers and woodfibre exporters today issues a market update on recent developments in woodfibre trading conditions.

Since the last Midway market update on 24 April 2023, pulp and paper stocks at Chinese ports have increased by 5 per cent to 2.0 million tonnes, well above normal levels of 1.4 million tonnes due to depressed global trading activity.

As a result, pulp prices have continued to fall and Chinese pulp producers have further slowed woodfibre purchases. Hardwood pulp is currently trading at around US\$465/t, down from a peak of more than US\$855/t earlier in the calendar year.

On 24 April 2023, Midway announced that some woodfibre export shipments may be deferred into FY24 due to slowing market conditions. In this regard, one of Midway’s major customers in China has yesterday advised Midway that it does not intend to take volume from Midway in accordance with the mutually agreed shipping schedule for the second half of financial year 2023 (2H23).

Four vessels that were in the agreed schedule for 2H23 may be impacted and the timing of these vessels remains uncertain. Midway is currently exploring all options to protect its legal rights and otherwise to mitigate this development. It is estimated the overall impact on Midway’s volumes from the market slowdown for 2H23 could be a reduction of 35% on 1H23.

As previously communicated, the expected reduction of export shipments will impact the anticipated turnaround in Midway earnings in FY23.

The slowdown is also likely to lead to higher-than-normal inventory levels at the end of the financial year.

Higher pricing and improved FX position means that EBITDA-S for FY23 is still forecast to be marginally better than the prior corresponding period, noting that there remains further volatility in the current market.

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 a growing carbon emission offset business. 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 has operations in Tasmania, based at Bell Bay, on Melville Island, in the Green Triangle and in Brisbane. Midway is also building a carbon management portfolio based on forestry plantations. For further information, visit www.midwaylimited.com.au.