



Investor Site Visit Presentation

Tony Price

Managing Director & CEO, Midway Limited

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Market outlook

Tony Price

Managing Director & CEO

A leading Australian woodfibre exporter

- Produces and exports high quality woodfibre, headquartered in Geelong
- Key customers are pulp and paper producers in China and Japan
- Long relationships with major Japanese customers and a pioneer in developing Chinese sales
- Substantial future supply from a range of large plantation growers
- Currently manage a 90,000 ha plantation estate, domestically and internationally
- Key assets also include ~16,000 ha of freehold plantation land valued at \$68.2million as at 31 December 2017
- Hardwood woodfibre export capacity ~4.3 million GMT per annum
- Softwood woodfibre export capacity ~0.3 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

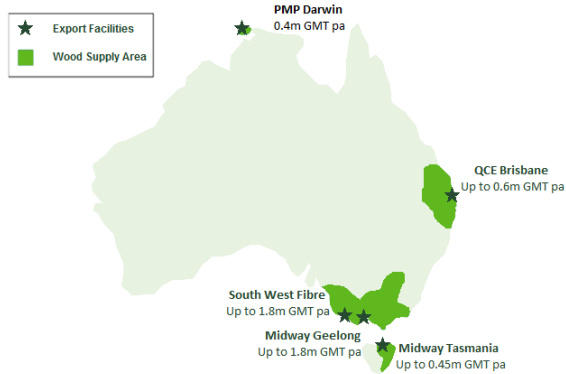


Ashley Merrett, Chief Financial Officer

- ✓ 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

Strategically located port and processing facilities

Five Key Export Ports



South West Fibre / Portland

- South West Fibre was the first plantation hardwood processing and marketing operation established 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
- Woodfibre receival, storage and loading facilities at the port 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

- Only 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.
- Total capacity of 600,000 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 and softwood

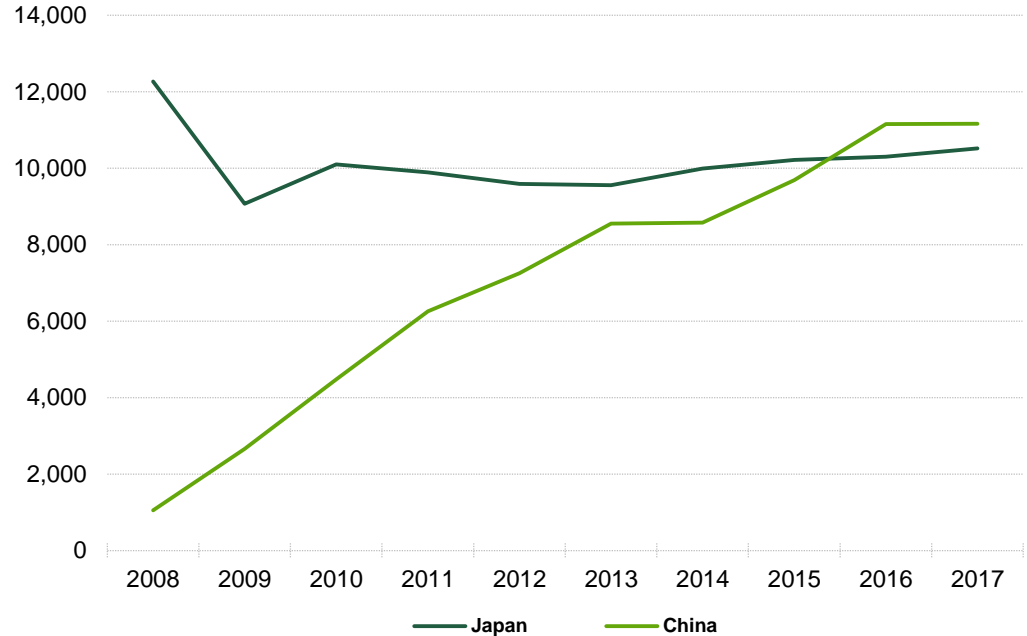


China now a bigger customer than Japan

China and Japan

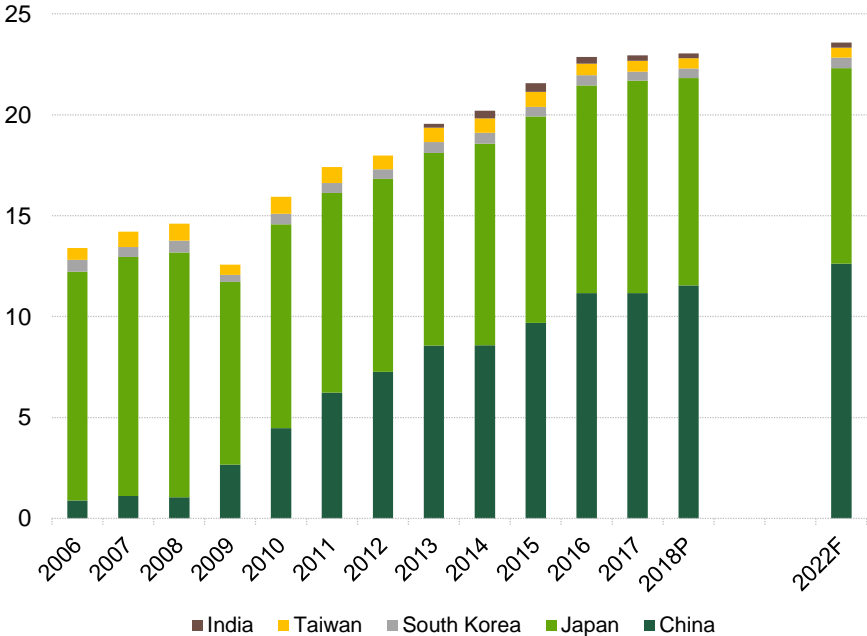
- China is now the largest the largest wood chip importer internationally
- Increased appreciation of higher quality eucalyptus wood chips
- Significant growth in dissolving pulp and tissue demand
- Customers are moving towards longer term contracts to secure supply
- Have moved from spot to 6 monthly pricing
- Now paying equivalent or better prices than Japan

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

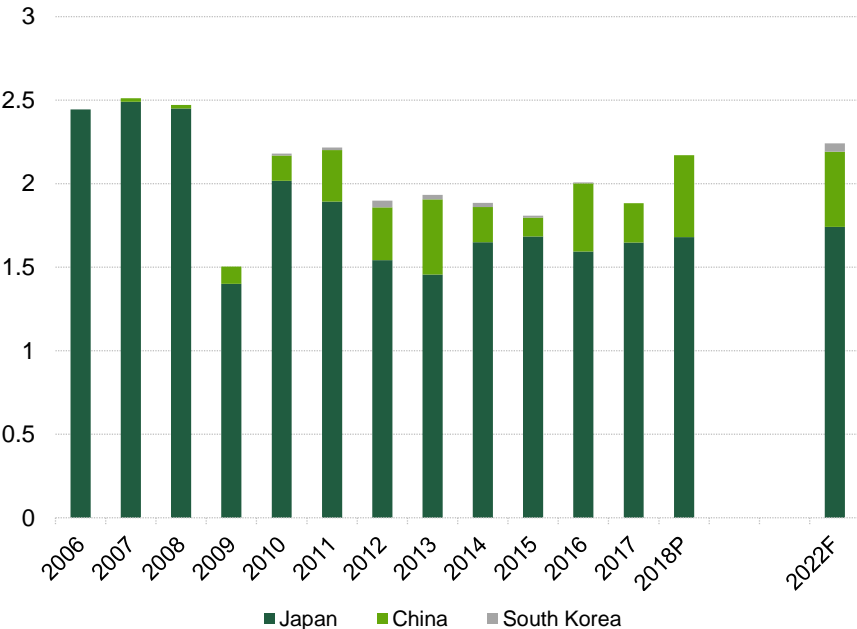


Woodchip Imports forecast to grow in Asia/Pacific

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



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



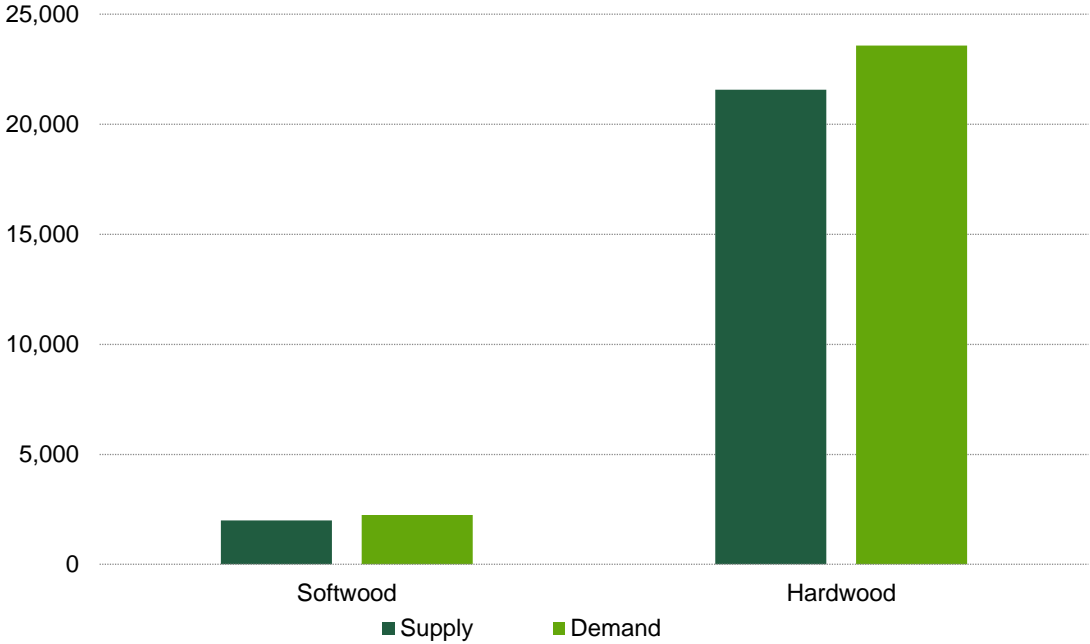
Source data: International Pulpwood Trade Review, RISI 2018



Positive Market Dynamics for next 5 years



Outlook for Woodchip Supply and Demand in the Asia-Pacific Market – 2022 ('000 BDMT)



Source data: International Pulpwood Trade Review, RISI 2018

Woodchip pricing improving

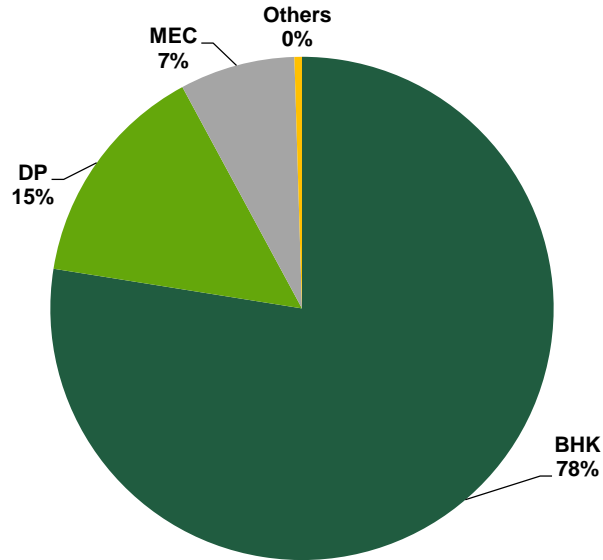
Japan Woodchip Prices, 2012-2017, and Price Predictions, 2018F-2022F

Nominal FOB Prices, Annual Average						
Year	US Douglas-fir	Australian Radiata	Australian <i>E.globulus</i>	South African Eucalyptus	Chilean <i>E.globulus</i>	Vietnamese Acacia
	US\$ per BDU FOB		US\$ per BDMT FOB			
2012	164	160	199	142	147	135
2013	138	141	177	127	142	137
2014	152	150	159	121	133	136
2015	165	156	153	121	132	142
2016	149	149	149	114	125	132
2017	139	145	152	117	127	128
2018F	172	167	166	128	136	132
2022F	174	171	174	135	143	144
2017-22 CAGR	3.2%	2.8%	3.2%	3.4%	2.8%	1.8%
Previous forecast for 2016-2021	2.2%	2.3%	2.5%	2.7%	2.6%	1.6%

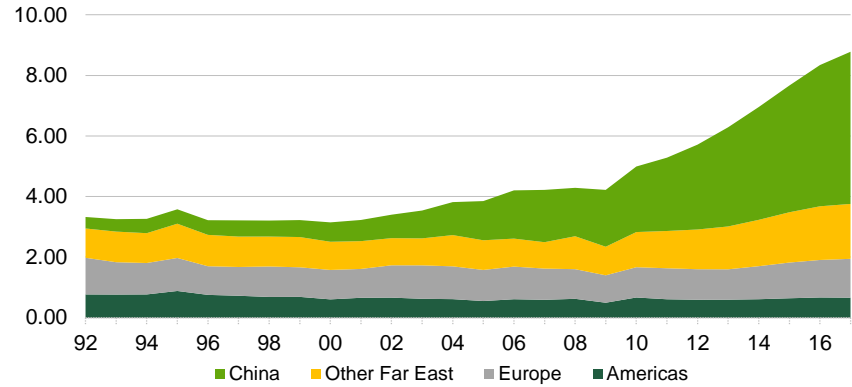
Source data: International Pulpwood Trade Review, RISI 2018

Growth in woodchip product markets

China: Imported Hardwood Chips by Pulp Grade - 2017



World Dissolving Pulp Demand (million tonnes)



Source data: International Pulpwood Trade Review, RISI 2018

Midway's Customers in China



Figure 6
Map: Chinese Mills Importing Woodchips, 2017
Pulp Capacity in Thousand Tonnes



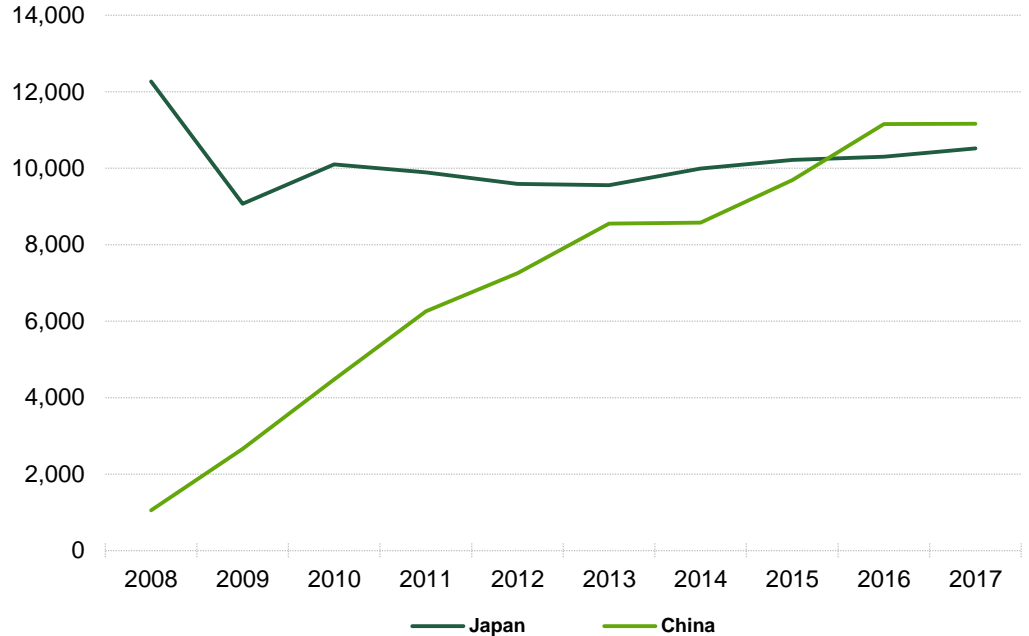
Source data: International Pulpwood Trade Review, RISI 2018

Demand from Japan has remained relatively stable

Japan

- Overall demand has stabilized but, still predicted to decline slowly in the longer term
- Still very important and reliable customers
- Lower AUD and increasing shipping costs have improved our competitiveness
- Recently we have had an increased level of enquiries for supply to Japan
- Agreed to an 8% price increase in 2018

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



India is an emerging market

India

- Commenced importing woodchips in 2013 and has potential for significant growth
- Growth in use of pulp and paper products has historically had a strong correlation with GDP/capita growth
- India is facing a major shortage of domestic fibre
- Has developed capability to receive woodchips at ports, but mills are a long way inland
- Current pricing is not attractive, but keeping a watching brief on this market





Key value drivers

Ashley Merrett

Chief Financial Officer

Midway's key business activities

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

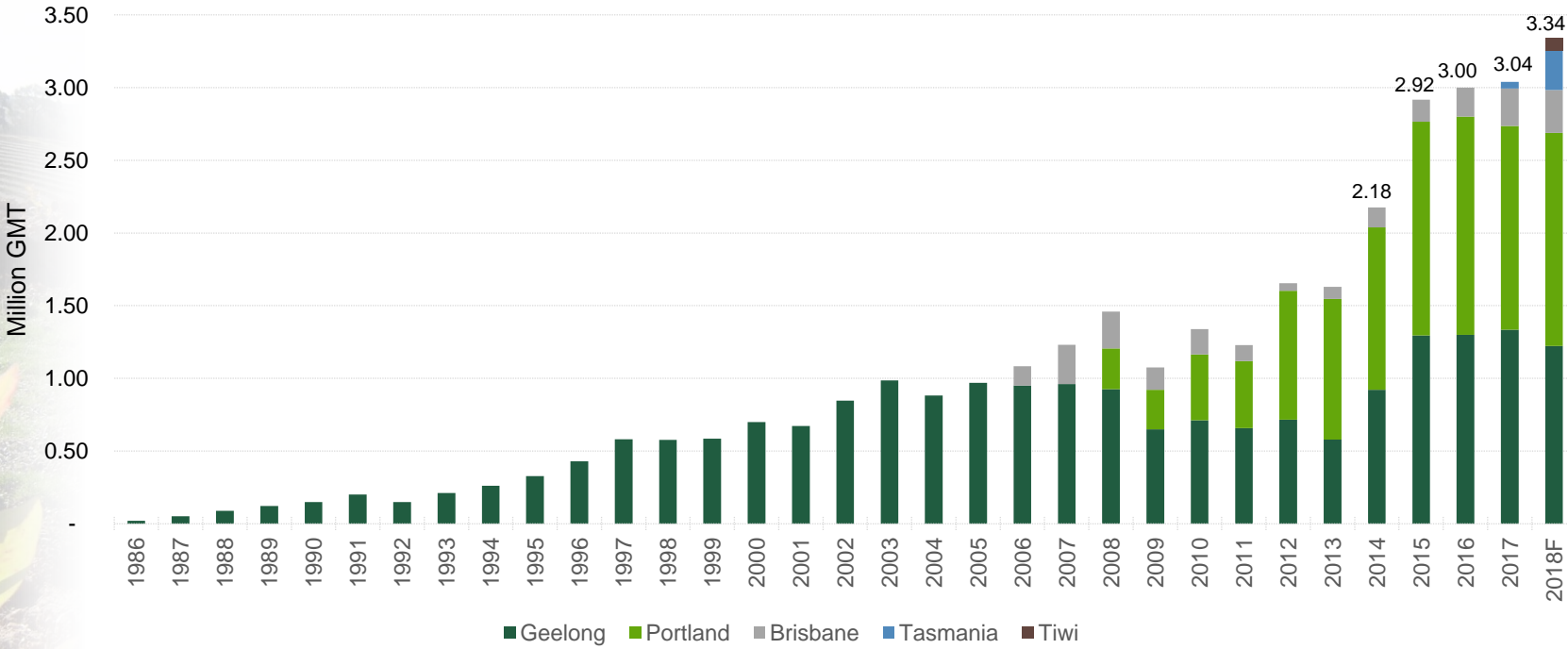
Key Value Drivers

Metric	Driver
Export volume	Number of tonnes exported through each facility and volume of resource available
Woodfibre Price	Woodfibre price – movement in the USD/BDMT
Foreign Exchange	Movement in the AUD/USD
Dry Fibre Content	How dry the woodfibre is when shipped
COGS	Resource and Supply Chain Costs
Shipping Costs	Chartering rates and Bunker Fuel costs

AUD / USD Exchange Movement



A long history of export growth

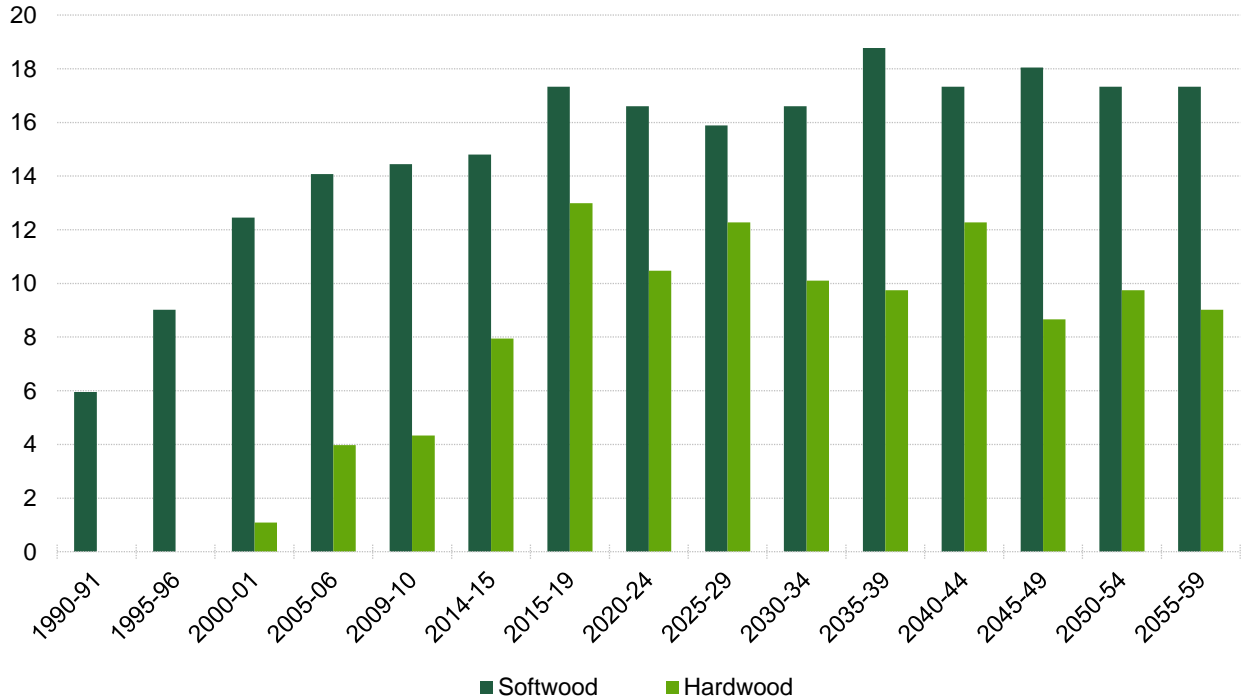


Note: Includes 100% contribution from SWF (Portland), Geelong and Brisbane.
 Note: The above is based on calendar year
 Source data: Midway Group (SWF and QCE are totals and not adjusted for the Midway Group's share)



Sustainable Australia hardwood plantation

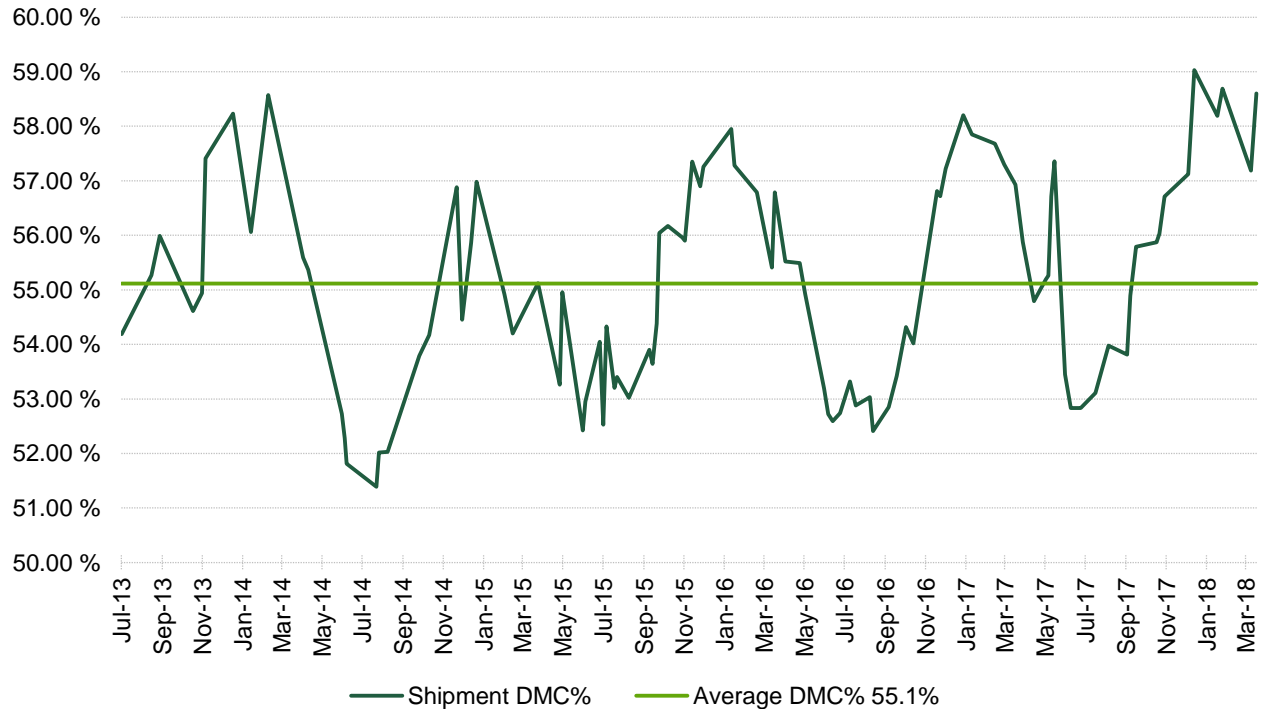
Australian Future Plantation Supply Forecast: 1990-1991 to 2055-2059 (million cubic metres)



Source data: International Pulpwood Trade Review, RISI 2018

Dry Fibre Content

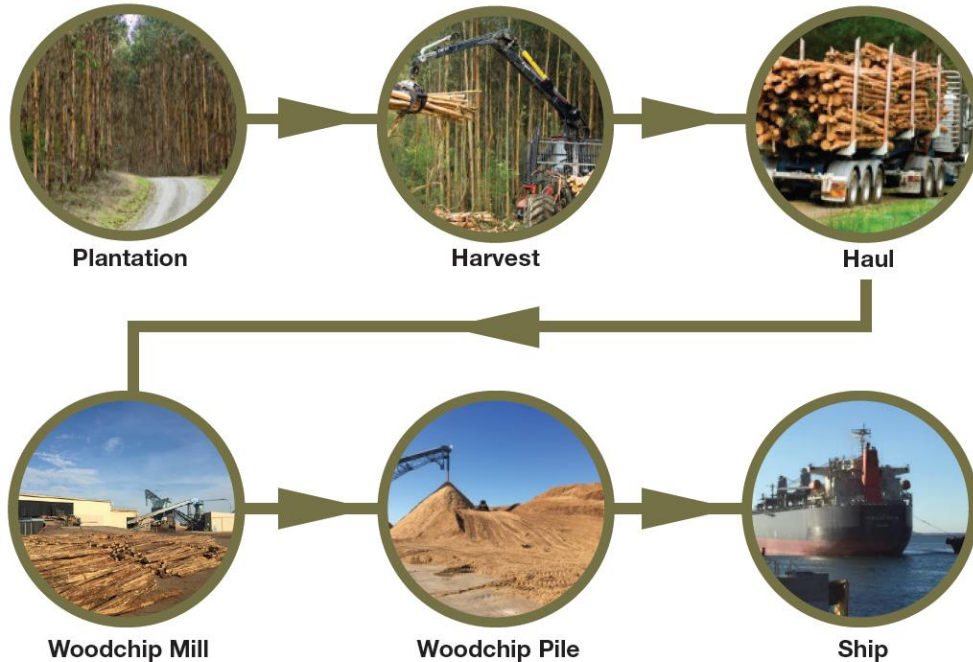
Dry Moisture Content ex Geelong



Source data: Midway Internal 2018

Midway – A Lean Business

Midway actively manages costs throughout the supply chain

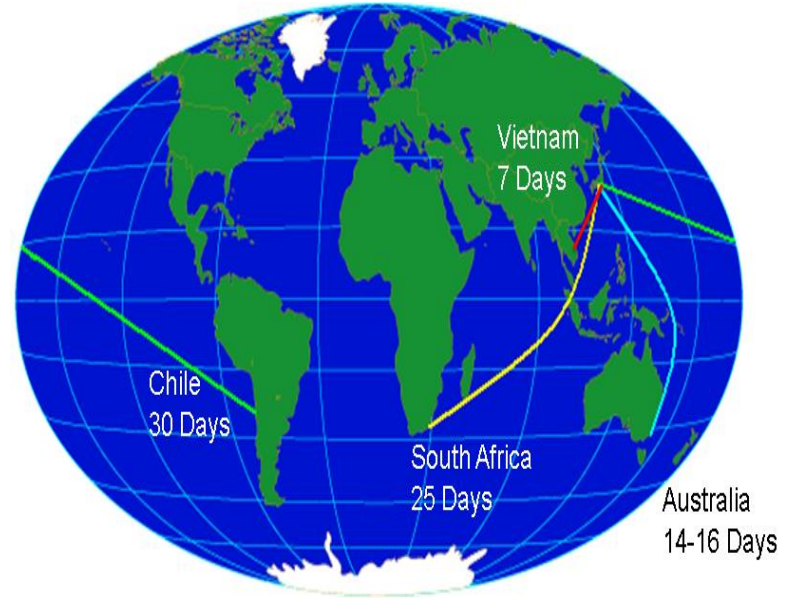


- Seek to negotiate lowest possible stumpages with forest owners
- Harvest and Haulage contracts are regularly tendered to ensure we achieve the best market rates
- The operations teams are constantly pursuing efficiency through new technology and improved work practises
- Controlling our own vessels has improved production scheduling and delivered better returns

Midway has a transport advantage in Asia-Pacific Markets

Days Sailing to Japan and China

		Akita	Japan	Shandong	China
Australia	Western Aust	17		15.3	
Australia	Portland, Victoria	17.5		17.4	
Chile	Coronel	30		32.8	
Brazil	Macapa	33		34.6	
Uruguay	Montevideo	35		37.2	
South Africa	Richards Bay	25.5		24.6	
US South	Mobile	28.7		32.8	
US West	Tacoma	13		16.5	
US Alaska	Port McKenzie	11		14.4	



The background of the slide is a dark green-tinted photograph of a construction site. A large crane is visible in the upper right, and a dense grid of rebar is in the lower left. A bundle of rebar is also visible in the center-right. The overall scene is dimly lit, with the green tint providing a professional and industrial feel.

Business Opportunities

Tony Price

Managing Director & CEO

Strategic Priorities

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

- Maximising long term fibre 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
- Commenced exports from Tasmania
- 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
- Cost management

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

Expanded Geographic Footprint

Key benefits

- Production risk is spread across different regions
- Reduced exposure to US\$ earnings on woodchip exports
- Earnings growth from plantation management
- Earnings growth from logistics business opportunities
- Identification of additional growth opportunities through having a presence in each of these regions



Plantation Management Partners Pty Ltd (PMP)

PMP

- Settled in October 2017 and now fully integrated into the business
- Currently manages over 70,000 ha of plantation in Australia and SE Asia
 - 34,000 ha of Acacia on Melville Island (NT)
 - 10,000 ha teak and conservation property in Cambodia
 - 24,000 ha Eucalyptus and Acacia property in Laos
- Has developed a reputation as a high-quality plantation manager
- Currently in discussion with a number of plantation owners in Australia, S E Asia and New Zealand in regard to plantation management services
- In discussions with a range of parties regarding investment in plantations in SW Victoria and a second rotation on Melville Island



ADDCO about to make it's first acquisition

ADDCO

- Strategic investment in ADDCO Fibre Group – January 2018
- 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
- In the final stages of negotiations on it's first acquisition and has a number of others well progressed
- ADDCO has a strong management team with an average of 20 years experience in the forest services and logistic sector



ADDCO
FIBRE GROUP



Midway

Commenced Operations in Tasmania

Midway Tasmania

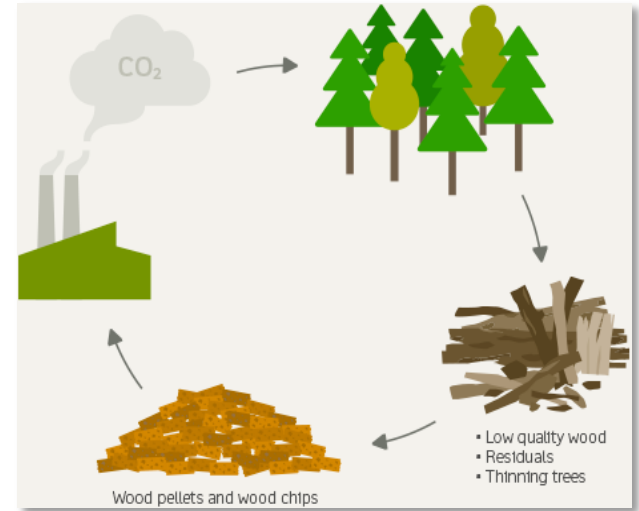
- Plantation Export Group (PEG) established between RMS, Pentarch and Midway as a joint marketing entity
- Throughput arrangement in place with a major wood processor in North East Tasmania
- Wood processing arrangements in place with a major plantation investor
- Actively progressing discussions with other resource owners
- Expect to complete 6 shipments in 2018

Emerging Opportunities

Biomass

- The use of biomass as a replacement for coal in Europe and the UK has grown rapidly over the last few years
- A similar trend is beginning to occur in the Asia Pacific, with Korea and Japan leading the way
- Use of wood waste as a carbon neutral fuel for base load electricity has been slow to take off in Australia, but interest is growing
- Demand for biomass woodchips or wood pellets in Japan and Korea is growing
- We see this as an excellent opportunity for Midway and ADDCO

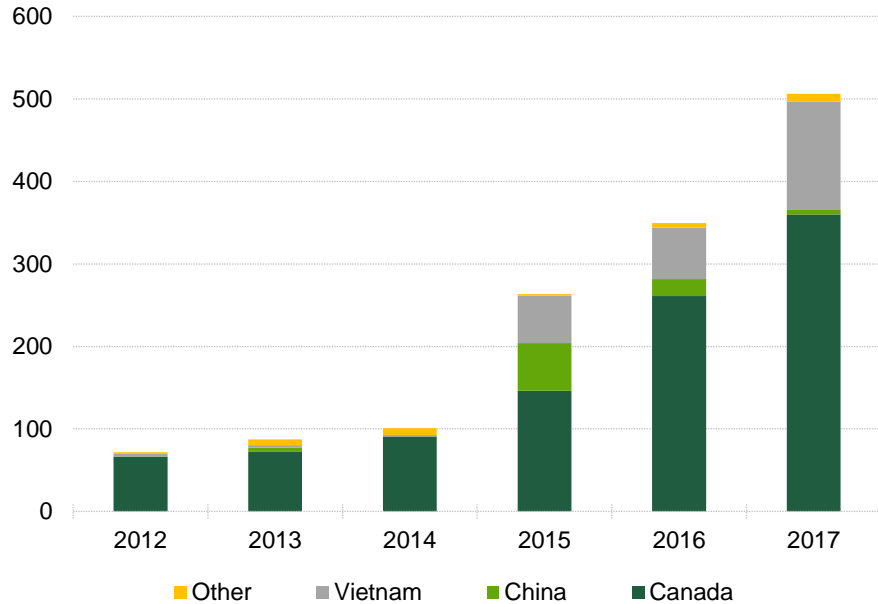
Wood waste is a carbon neutral fuel



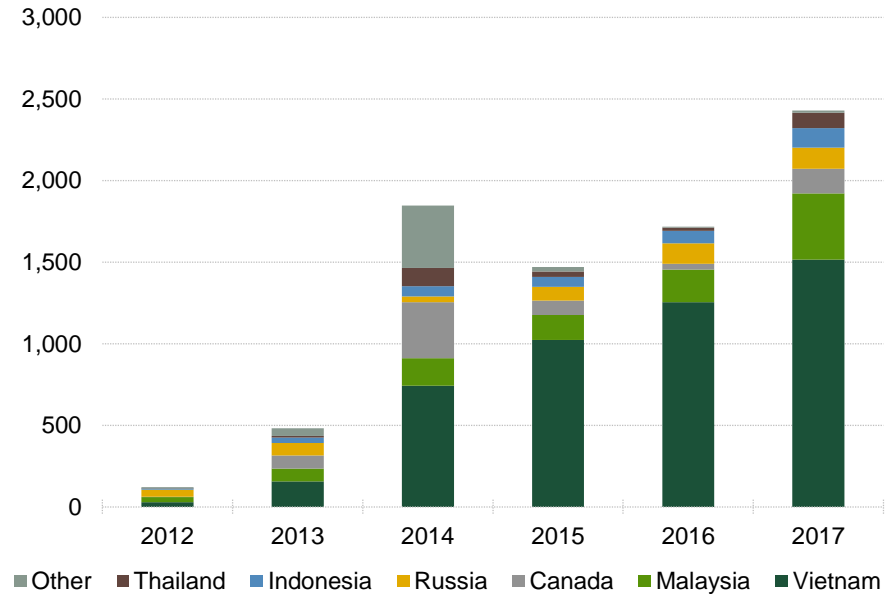
Midway

Growth in the Biomass Market

Japan: Wood Pellet Imports, 2012-2017
('000 tonnes)



South Korea: Wood Pellet Imports, 2012-2017
('000 tonnes)



Source data: International Pulpwood Trade Review, RISI 2018

Strong outlook for FY18



FY18 results remain on track with market earnings forecasts range

- Full year results on track despite lower than expected H1
- Much higher sales volume in H2
- Positive price movement in H2

Contribution from new business activities

- Plantation Management Partners to fully contribute in H2
- Additional sales volume from Tasmania and Tiwi Islands
- Fibre trading business

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

Questions ?