

Chairman's speech

Good morning Ladies and Gentlemen.

Welcome to the Annual General Meeting of Midway Limited. I am very pleased to be here today as this is my first opportunity to speak directly with shareholders at a public Midway Limited AGM.

As you know, the year included a very important milestone for Midway: we joined the ASX, and Midway welcomed a number of new shareholders. With the successful IPO and ASX listing behind us, we are now well established on the public market as one of Australia's leading woodfibre processors and exporters. In fact, we are the largest forestry company on the ASX.

This morning I would like to make a few comments about the year passed and the year ahead. I will then hand over to Tony Price who can go into more details about our performance and strategy.

Financial performance

Firstly, I want to say that we recognise the importance of meeting shareholder expectations and delivering long-term shareholder value is fundamental for a listed company.

When we joined the ASX we set ourselves some tough hurdles and challenging financial forecasts. So I am delighted to report that we met these forecasts and indeed, in several areas, we exceeded them.

Our financial performance meant the Board was able to approve an interim dividend of nine cents per share and a final dividend of nine cents per share, both of which were fully franked.

These results were achieved despite some major challenges, including supply constraints and an extended period of unfavourable weather conditions. This makes the performance even more pleasing.

Strategy

The Board and management is pursuing a strategy to grow the business by developing our capacity for more hardwood and softwood woodfibre exports. Organic growth will ensure the business captures economies of scale, allowing better utilisation of our existing infrastructure.

Expanding our business also means we are not reliant on any one customer or product.

Thirty years ago when we first started exporting, we had one product, one customer, one supplier, and one export facility.

Today, we supply a diverse range of products, we have customers throughout Asia, we have multiple sources of timber supply, and we have three well-developed processing and export facilities. We have the flexibility to supply customers differing species dependent on their requirements from different geographic locations.

Our diversification proved its worth this year when several of our operations were impacted by adverse weather events.

Heavy rainfall in the Otway region of Victoria affected the supply of logs to our wholly owned woodfibre facility at Geelong.

And Cyclone Debbie in northern NSW in March 2017 meant that QCE did not meet internal expectations for hardwood log supply through the Port of Brisbane.

Despite these events, we delivered on our customer's expectations. In large parts because we are now a larger and more diversified business.

The Board and management are determined to continue the process which started thirty years ago of growing Midway's operations and growing profitability over time.

Plantation Management Partners

To this end, our strategy of growth and diversification took an important further step recently when we acquired Plantation Management Partners, based in the Northern Territory. We expect to finalise settlement of the purchase in the near future.

PMP manages 70,000 hectares of plantation in Northern Australia and Southeast Asia. This includes plantations on Melville Island in the NT, which has access to the only deep water North Australian port for hardwood woodfibre. PMP also currently manages a large plantation teak estate in Cambodia and a eucalyptus estate in Laos.

The acquisition of PMP fits with our strategy of growing earnings by leveraging our existing capabilities. Earnings from PMP's plantation management activities will further diversify our revenue and customer base and provides excellent growth prospects.

Environment, community, safety

I would like to make a brief mention of Midway's activities in relation to safety, the environment and the communities in which we operate.

As a sustainable forest management company, Midway takes its statutory and community environmental obligations very seriously, going to great lengths to minimise our environmental footprint.

During the year, Midway Limited worked closely with the Environmental Protection Agency in Victoria to mitigate wastewater overflow after an incident caused by unseasonably heavy rain at the Geelong facility.

We have recently introduced a new management plan to better manage koala populations that exist in some hardwood plantations. The plan ensures that we adopt the right harvesting safeguards to avoid harming koalas. This plan has been welcomed by the authorities and we are licensed to manage wildlife under the new legislation.

We are also actively engaged with the local communities around our areas of operations. We work hard to mitigate inconveniences such as excess noise and dust. We rely on the support of these communities, who in turn benefit from the employment and the positive economic impact of Midway's activities.

In terms of safety, employee and contractor safety is a critical priority. So I am very pleased to report an improvement in our safety statistics. The health and safety of our 95 staff, and our contractors and their employees, is an unwavering priority for us at every stage of the production process. We continue to strive for zero accidents and incidents.

Retirement of Thorry Gunnensen as a Director

I would like to acknowledge the retirement of Thorry Gunnensen as a Director and his significant contribution to Midway Ltd. Thorry joined the Board in 1996 and has served as a Director with distinction for 21 years.

Thorry is retiring due to a battle with ill health that has made it difficult for him to continue in his position as a Director.

There's not much that Thorry hasn't been successful in pursuing and his time as a major shareholder and Director of Midway has been no exception.

Thorry was awarded a Member of the Order of Australia for his services to the Timber Industry.

Amongst a vast list of Forest Industry positions he has held a few including;

- Chairman of National Association of Forest Industries
- Chairman of the Forest and Wood Products Research and Development Corporation
- Chairman of Australian Timber Importers Federation
- Executive Member of the Victorian Sawmillers Association
- Member of the Land Conservation Council of Victoria

We wish him well in his retirement.

Outlook

Turning now to the year ahead, the Board has a positive view. Demand for woodfibre continues to increase, particularly from customers in China, and the global market has constrained supply. This creates a healthy dynamic for Midway and should underpin a positive price environment.

While we are optimistic, we take nothing for granted. We will remain vigilant and focused on the key value drivers of our business. These include softwood and hardwood log supply, supply chain and processing costs, shipping schedules, and foreign exchange exposures.

We will continue to assess opportunities to acquire businesses in key forestry areas across growing regions within Australia.

Closing

I will shortly hand over to the Tony Price.

But before I do that, I would like to place on record my thanks to the senior executive team, Management and staff for their outstanding efforts during the year. We have some of the best people in the industry working at Midway and their efforts will continue to place the company in a strong position to capture the opportunities ahead.

I would also like to thank my fellow board members for their support during the year.

We have had a solid year. The outlook is positive. The conditions are favourable. And the business is well positioned to continue to prosper into the future.

I look forward to the years ahead with confidence. Thank you.