

## **MIDWAY LIMITED**

(ASX: **MWY**)

### **ASX and Media Release**

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#### **Midway 2019 Annual General Meeting Earnings Outlook Statement**

Australia's largest wood fibre exporter, Midway Limited (**Midway**) has issued an earnings outlook statement for the next 12 months as part of its 2019 Annual General Meeting in Melbourne.

Midway Chairman, Greg McCormack, said the Company remains very optimistic about the long-term strategy and outlook on the basis of global industry expert forecasts for wood fibre supply and demand in the Asia Pacific region.

However, Mr McCormack said the short-term outlook for the next 12 months had been adversely affected by external market forces including excess production and stocks of paper pulp in Brazil and US tariffs on Chinese paper imports that had affected wood fibre input suppliers such as Midway.

Mr McCormack assured shareholders that Midway was taking all steps under its control to minimise the impacts of the global market downturn on earnings and shareholder returns including an aggressive cost savings program, efficiency initiatives, more active marketing programs and new revenue raising initiatives.

"The revised 2020 outlook is particularly disappointing for all of us as it follows three consecutive years of solid profit growth and good returns to shareholders, and we believe we are putting in place the right long-term growth strategy to grow earnings and returns to shareholders," Mr McCormack said.

"The Board is confident that the imbalance in the pulp market will be relatively short lived. Pulp producers have already taken steps to scale back production and reduce excess stocks. As a result, pulp prices have stabilised."

"International industry experts now expect global pulp prices to rebound during the 2020 calendar year and we expect that this will flow through to a more healthy wood fibre outlook in due course."

Mr McCormack said the Board of Midway was pleased to approve a final dividend payment of 9 cents per share on the basis of company performance in FY19. This resulted in a full year dividend payment for FY19 of 18 cents per share.

Midway Managing Director, Tony Price, said the overall volume of wood fibre exports and the average price received from customers during the last few months had materially affected the earnings outlook for FY20.

“First half wood fibre export shipments are substantially down compared with last year and Midway now expects first half EBITDA in FY20 will be more than 50 per cent lower than the previous corresponding period, “ Mr Price said.

“As a result of this first half weakness, and down-side risks to volume and pricing in the second half of the financial year, we now expect full year EBITDA to be materially lower than consensus forecasts for FY20.”

Mr Price said Midway will renegotiate export prices with its major customers in the next few months and was adopting a conservative approach in its earnings outlook.

He said cash flow will also be adversely impacted by the global market slow down in FY20 but the balance sheet remains in good shape and Midway has extended its banking facilities to support higher working capital in the short term.

He also flagged that Midway will be required to take a provision for the full value of its 25% equity investment in the ADDCO logistics business which has gone into voluntary administration as a result of the market downturn.

“The write-down of the ADDCO investment of \$2.0 million will affect statutory net profit in the first half of FY20,” Mr Price said. “ We will also be reviewing the value of all other investments as part of our normal financial reporting processes.”

Mr Price said Midway will provide shareholders with an update at the half year profit results in early 2020 about the outlook for the second half.

**– ENDS –**

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### **About Midway Limited**

Midway Limited is a leading Australian forestry company with headquarters in Geelong, with 100% shareholdings in Plantation Management Partners (PMP) based on Melville Island and Softwood Logging Services (SLS) based in Bunbury, Western Australia, and majority shareholdings in South West Fibre Pty Ltd (SWF) based in the Green Triangle and Queensland Commodity Exports Pty Ltd (QCE) based in Brisbane. Founded in 1980, Midway is primarily involved in the production, processing and export of high quality wood fibre to producers of pulp, paper and associated products in the Asian region. For further information, visit [www.midwaylimited.com.au](http://www.midwaylimited.com.au).