

MIDWAY LIMITED

(ASX: MWY)

ASX and Media Release

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Market update – Impact of Covid-19 pandemic on woodfibre exports

Midway Limited has revised its forecast earnings for the FY20 financial year to between \$10-\$14 million EBITDA to reflect the deterioration in global demand as a result of the Covid-19 pandemic.

Midway Managing Director, Tony Price said the latest earnings forecast was materially below the market consensus range because of second wave effects of Covid-19 in China and Japan.

“The Chinese market has not recovered as strongly as expected and the Japanese pulp and paper sector is now being adversely affected by the recent lock-down in response to the Covid-19 pandemic,” Mr Price said.

“It is now clear that four uncontracted vessels from the Tiwi Islands and two uncontracted vessels from Geelong will not be exported this financial year and will be held as stock for future deliveries.”

Mr Price said Midway has implemented a range of initiatives to reduce operating costs including an extended seasonal shut down of wood fibre production on the Tiwi Islands. The Islands currently have very restrictive access protocols to protect the wellbeing of local communities, which Midway supports. The protocols make harvesting and ship loading impractical for the time being.

He said Board Directors and senior staff have also agreed to take a 20 per cent reduction in compensation for the next three months and will review the position at the end of the financial year.”

“As discussed at the interim results in February 2020, the ongoing uncertainties for the FY20 full year result include the annual Japanese price negotiations for calendar 2020 and the timing of shipments scheduled for the remainder of the financial year,” Mr Price said.

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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 Midway Logistics (MWL) 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.