

## **MIDWAY LIMITED (ASX: MWY)**

26 August 2021

### **FY21 Financial Results**

Australian listed wood fibre processor and exporter, Midway Limited, (Midway or the Company) today announced its full year financial results for the period ended 30 June 2021.

The highlights of the FY21 results include:

- **An 8.7 per cent increase in revenue to \$280.2 million;**
- **A 5.8 per cent increase in underlying EBITDA to \$14.6 million;**
- **Improved operating cash flow of \$22.3 million; and**
- **Lower net debt of \$31.5 million.**

#### **Earnings drivers**

The key drivers of increased revenue and improved underlying EBITDA in FY21 were increased woodfibre export volumes and lower input prices but there were several factors that partially offset the improved results, including:

- lower woodfibre export prices as woodfibre prices lagged the recovery in paper pulp prices over the last 12 months;
- a lower bone-dry content of woodfibre exports due to La Nina weather patterns across eastern Australia over the last 12 months; and
- a slightly higher Australian dollar on woodfibre export sales to China and Japan over the last 12 months.

#### **Significant Items**

Despite the improved revenue and underlying EBITDA Midway recorded a net loss after tax of \$5.2 million in FY21. The three biggest contributors to the loss were:

- a non-cash interest expense of \$1.77 million incurred under AASB 15 relating to trees held off balance sheet;
- a \$1.6 million devaluation of biological assets primarily due to the appreciation of the AUD against the USD impacting log prices; and
- a \$1.75 million impairment of the joint venture bio-fuels marketing business, Bio-Growth Partners (BGP) in Western Australia.

Midway has decided to acquire the remaining 60 per cent interest in BGP for a nominal amount. The buy-out provides Midway with total control over that business and its customer contracts in Western Australia.

#### **Cash Flow and Net Debt**

Midway recorded a stronger operating cash flow of \$22.3 million in FY21, up from \$11.1 million in the previous corresponding period. As previously flagged, one export shipment planned for late June slipped into July. This sale will now be recorded in FY22.

After investing and financing activities, net debt at the end of the financial year was \$31.5 million, down from \$39.4 million in the previous financial year. Midway continues

to operate within its banking covenants and National Australia Bank has extended the Company's term debt maturity to September 2024.

### **Business Development**

As part of the Midway strategy to diversify its footprint and grow future earnings, the management team has commenced investment projects in woodfibre processing at Bell Bay in Tasmania and grain storage and trading in Geelong. In addition, Midway is investigating investing in emerging markets and technologies including decarbonisation.

Midway is also progressing a divestment program of surplus land north of Melbourne and will shortly issue an Information Memorandum to global investors about a plantation fund in south-west Victoria.

### **Dividend**

The Midway Board of Directors decided not to pay a final dividend in respect of FY21 in order to preserve cash to fund growth projects.

This announcement has been approved by the Midway Board of Directors.

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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](http://www.midwaylimited.com.au).