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## Midway unfazed by pulp friction

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GEELONG-BASED wood fibre exporter Midway remains confident in the long-term prospects for sales growth into the Asia-Pacific, despite significant falls in the price of pulp.

About \$80 million has been wiped off the company's market value since it reported uncertainty into how issues hitting the pulp price would affect the company this year.

The jolt to the share price came despite recording a record after-tax profit of \$26.2 million in FY19, up 42 per cent on the previous year, on annual revenue of more than \$280 million.

But Midway is predicting only modest profit growth in FY20 based on a conservative view of pricing.

The company has told investors it is in a strong financial position and continuing to look for opportunities to grow across the four major pillars of the business.

In its annual report to shareholders released last week, Midway chairman Greg McCormack said pulp prices had dropped significantly in recent months.

Key drivers were overproduction at Brazilian pulp mills, which Mr McCormack said was being addressed, and Chinese traders running their inventories to extremely low levels.

He said once the Chinese recommenced buying, it was expected pulp prices would improve.

But the "short-term imbalance" between supply and demand in the global pulp market was having a flow-on effect in the global wood fibre market.

"Midway has secured export shipments to China in the last few months, but it is too early to be precise about the full impact of current market conditions on export wood fibre volumes and prices during the 2020 financial year," Mr McCormack said.

Earlier this year the company consolidated its wood fibre processing at operations at Geelong, Portland, Brisbane, Tasmania and the Tiwi Islands to highlight the overall growth in its wood fibre export business.

However, wood chip volumes processed through Geelong are forecast to decline over the next five years, from 1.04 million green metric tonne in FY19, to 700,000 green metric tonne in FY23.

The reduced volumes at Geelong will rebound once current plantation plantings create additional volumes.

Midway shares were last week trading at \$2.58, down from \$3.49 on August 28 when the FY19 results and outlook were first announced to the market.



CUTTING EDGE: A+ Steel Fabrication director Phil Witney has installed a new \$1.3 million robot at his North Shore factory.

Picture: GLENN FERGUSON

# Steeling for a robotic increase

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A \$1.3 million production robot is set to give a North Shore steel fabrication company the ability to accurately process steel beams on an automated line.

The newly-installed CNC unit at A+ Steel Fabrication will drastically reduce the time it takes to drill, cut and prepare a beam to fit with the rest of a steel assembly.

The Ficep robot also accurately measures and etches marks in the beams for further work, such as welding cleats.

A+ Steel Fabrication director Phil Witney said the unit imported from Italy would open new business opportunities at a time when major Victorian infrastructure projects, such as the Metro Tunnel, were drawing heavily on existing resources.

"We see what is happening in Melbourne with the tunnel, and what resources that's taken out of Geelong and up there, so it's a good market for us," Mr Witney said.

He said steel suppliers that did not have the cutting capacity or had excess work were already starting to have discussions about quoting jobs.

Controlled by dedicated software, a key feature of the robot is to work 360 degrees of the beam.

Mr Witney said the unit, installed over the past two weeks, had the capacity to reduce a four-hour manual job down to about four minutes.

"We are looking to increase productivity, giving us scope to win more projects, not reduce our staffing numbers" he said.

If the demand is proven, A+ Steel Fabrication is prepared to look at additional shifts to keep the machine operating.

Founded in 2010, the growing

North Geelong company moved to a 4000sq m facility in the port precinct about two years ago, subletting adjoining facilities for sandblasting and painting.

"Basically we can do the whole job in-house," Mr Witney said.

"The more we can do ourselves in here, the more work we are going to do."

A+ Steel also provides maintenance, site construction and labour hire services.

Mr Witney said the company, which was turning over \$7-8 million a year, employed a team of 30.