

# Wiseway Group Limited

ASX: WWG

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**AGM 2020 Presentation**

24 November 2020



# Agenda

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|   |           |
|---|-----------|
| <b>2. Chairman's Address</b>                | <b>3</b>  |
| <b>3. Chief Executive Officer's Address</b> | <b>6</b>  |
| <b>4. Formal Business</b>                   | <b>15</b> |
| <b>5. Items of Business:</b>                | <b>18</b> |
| i. Financial Statements and Reports         |           |
| ii. Remuneration Report                     |           |
| iii. Election of Lin Xu                     |           |
| iv. Ratification of Appointment of Auditor  |           |
| <b>6. Closing of Meeting</b>                |           |

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# Chairman's Address

Mr Michael Hughes

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# FY20 key milestones

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## 1. Established logistics platform for growth

- ✓ Strong cash flow generation enabled Wiseway to deliver a profit before tax of \$1.7 million for the second half of FY20.
- ✓ Achieved national bonded depot footprint with fumigation and cold-treatment facilities.
- ✓ Accredited for fruit exports in China to enable Australia-Asia perishables export.
- ✓ New businesses revenue portion of the total revenue has grown four-fold since the IPO.

## 2. Advancing scale

- ✓ Expanded operations and reach to Auckland, New Zealand.
- ✓ Major new customer wins, including large importers and exporters in Australia and New Zealand.
- ✓ 75,342 tonnes of export-import cargo shipped to 100 destinations in FY20.

## 3. COVID-19: Delivering essential logistics services

- ✓ Safety is paramount: implemented operational 'COVID-19 safe' procedures to ensure safety and welfare of employees.
- ✓ Delivering essential logistics services throughout the pandemic.
- ✓ Secured cargo space by chartering flights to continue servicing demand for air freight.
- ✓ Leveraging of personal relationships with key airlines, shipping lines and local trucking companies.

# Outlook

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- COVID-19: supporting our employees, customers, the broader community and international trade.
- Wiseway will continue to monitor, adapt and respond to demand for logistics services in the prevailing operating environment.
- Leverage relations with key distribution partners.
- Building a global logistics platform in key growth markets.
- Target growth via major e-commerce platforms, including through partnership with strategic shareholder AZ Global, and new export customers.



# Chief Executive Officer's Address

Mr Roger Tong

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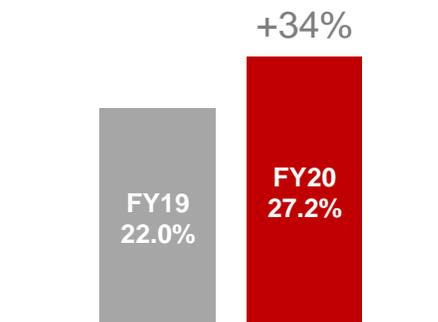
# Benefits of revenue diversification strategy flow through in a year of COVID-19

- **Revenue** of \$102.6 million, up 9% from \$94.5 million, driven by Wiseway's new service offerings.
- **Gross profit** of \$27.9 million, up 34% from \$20.8 million, reflecting an increase in gross margin.
- **EBITDA** of \$5.0 million increased from \$0.1 million in FY19.
- **Net operating cash flow** of \$3.8 million, step-change from -\$3.1 million in FY19.
- **Free cash flow** of \$4.6 million in 2H FY20 represents a FCF per share of 3.3 cents up from -2.8 cents in 1H FY20.

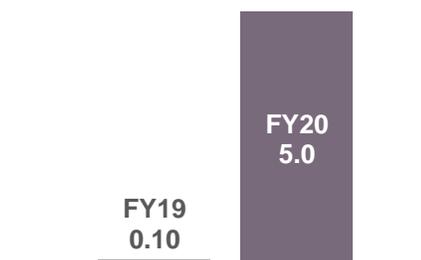
Revenue (\$ million)



Gross margin (%)



EBITDA (\$ million)



Net operating cash flow (\$ million)



# Sales growth driven by diversification and new services

## Growth in revenue from diversification and new services

- New division sales more than doubled to \$22.8 million in FY20.
- Growth in new business divisions, particularly in the perishables division driven by an increasing customer base.
- Higher freight volumes of 28,000 tonnes, up by 218% or 19,000 tonnes, largely from stronger sea freight.

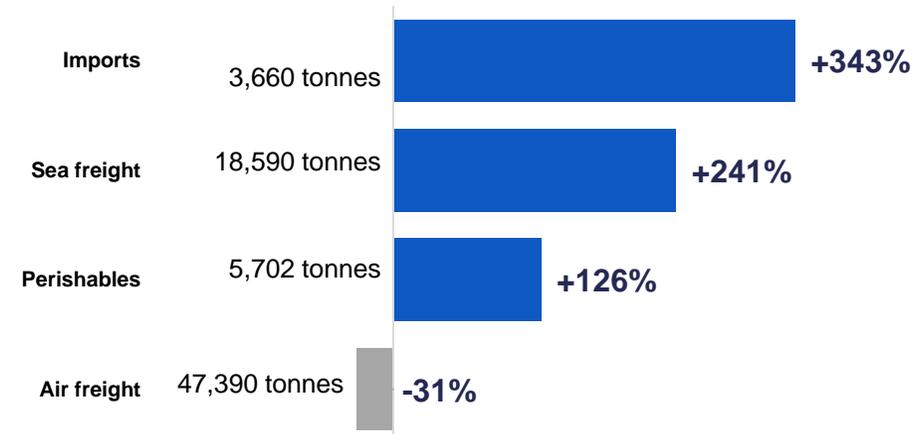
## New customers

- Major new customer wins, including large Australian exporters, due to the business maintaining its freight capacity in a tightening market.

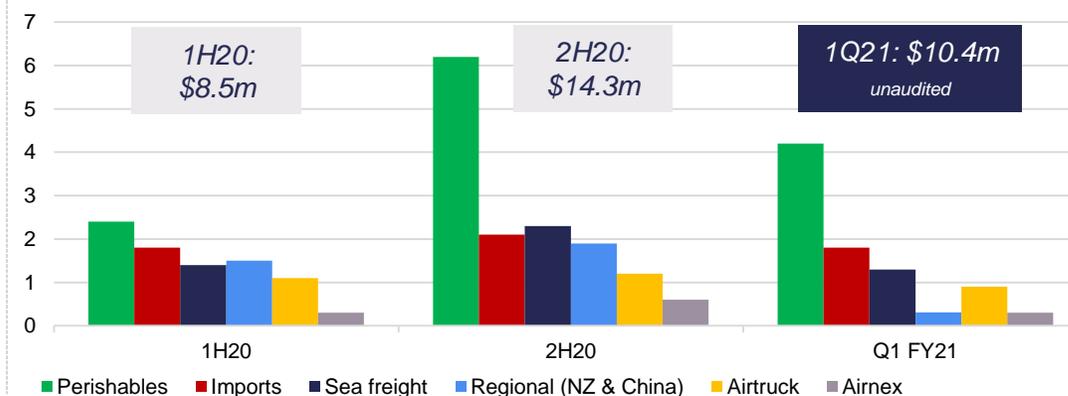
## Strong start into FY21

- Q1 FY21: unaudited revenue of \$31.0 million, up 53% or \$10.7 million on Q1 FY20.

Freight volume (tonnes, FY20 vs pcp)



Revenue streams from new businesses (\$ million)



# Step-change in net operating cash flow supports future growth opportunities

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## Financial position as at 30 June 2020

- Cash balance of \$8.6 million (15 November 2020: \$10.5 million).
- NTA per share of 16.9 cents.

## Capital management

- Prudent financial debt levels at 53% (as at 30 June 2020).
- Strong financial position going into FY21:
  - *Due to strong cash flow, Wiseway repaid a \$5 million secured bank loan on 2 July 2020.*
  - *Existing bank loan available of \$5 million for redraw (15 November 2020).*
- Positive working relationships with lenders, supporting ongoing development.

# Business milestones represent a step-change in scale and reach



# Wiseway: Top Australia-Asia air freight forwarder and provider of integrated logistics services

## ANZ footprint:

- 9 accredited Regulated Air Cargo Agent locations in Australia and New Zealand
- Customs-bonded warehouse capability
- Accreditation to export perishables to China

## Growth areas:

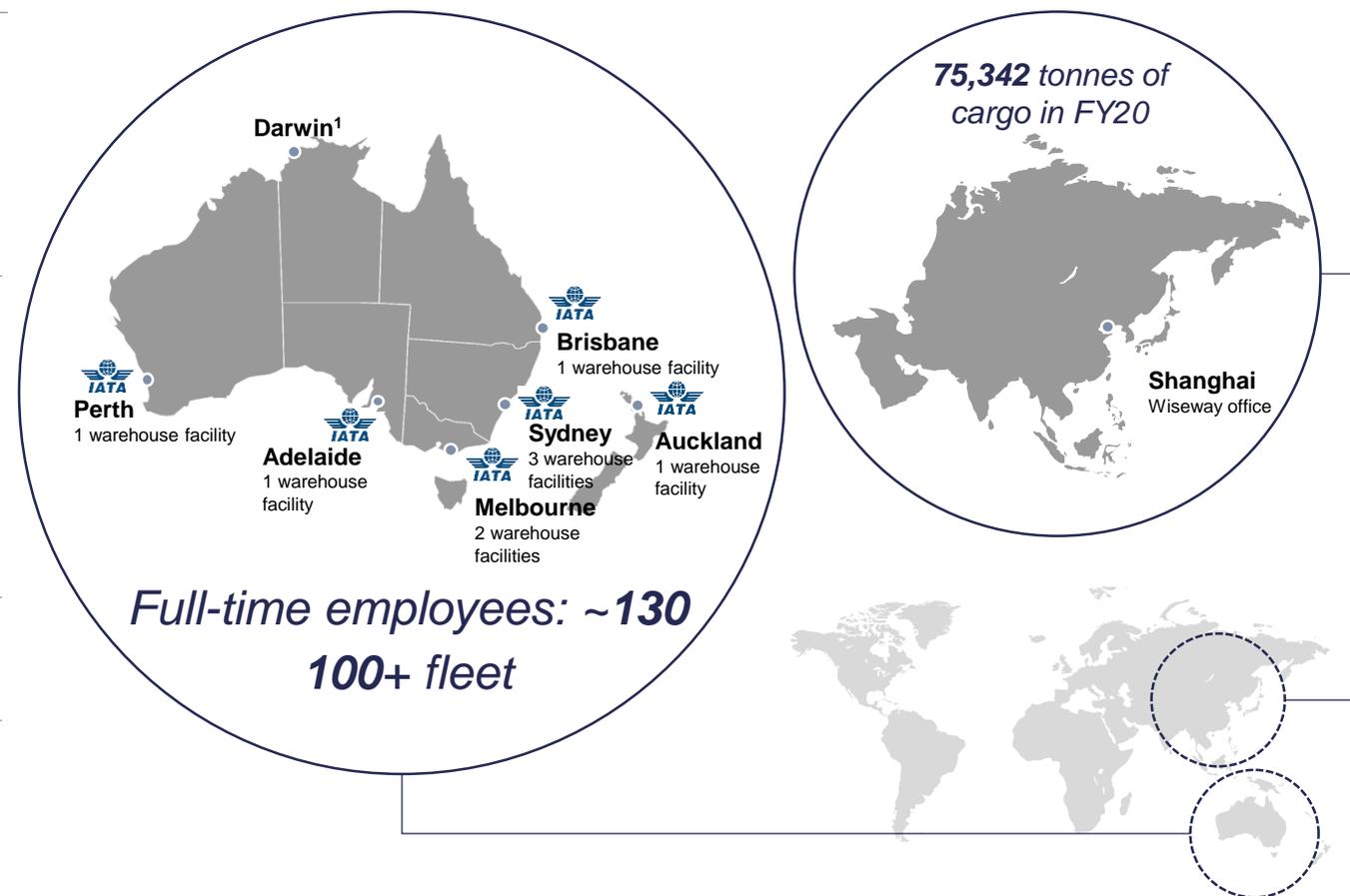
- Perishables (fresh produce, food, wine)
- Airtruck – interstate road transportations ‘food movers’
- Imports
- Sea freight export
- Airnex – cargo sales agent

## Customers:

- Diversified business shipping to 100 destinations

## Governance:

- Formalised performance review processes
- Role-specific KPIs
- Bonus Incentives – linking personal performance and company performance



Note:

1. Darwin branch is managed by an exclusive local agent

# Trading conditions

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- Restrictions on international and interstate travelling have supported demand for freight services.
- Asia international routes opening up.
- Strong demand in e-commerce and fresh produce supported by high trade activity and transaction volumes from China.

# Business strength

Asia-focused specialist provider



## Strategic relationships with airlines

- ✓ Long-standing relationships with major international airlines, particularly on Australia to Asia routes
- ✓ Wiseway has been appointed GSA (exclusive) and CSA (non-exclusive) for major Asian airlines



## Long-standing customer relationships

- ✓ Wiseway has supported the growth of many suppliers, distributors and parcel express companies from infancy to established market players
- ✓ New customers, particularly the larger Australian importers and exporters



## Unique service provider

- ✓ Wiseway has a unique understanding of cross-border e-commerce market and perishables regulation



## Trans-Tasman footprint

- ✓ Presence in six Australian capital cities and Auckland
- ✓ Can attract large suppliers, distributors and parcel express companies who require multi-city services



## Competitive freight rates

- ✓ Top Australia-Asia air freight forwarder
- ✓ Top three Australia-worldwide air freight forwarder



## One-stop shop logistics provider

- ✓ Services in export air freight, sea freight, perishables, customs clearance, warehousing, import e-commerce and domestic transportation
- ✓ RACA designated and permitted
- ✓ Customs bonded warehouse Australia-wide and in New Zealand

**Defensible and growing market position with high barriers to entry**

# Wiseway is strategically positioned for long-term growth

*Wiseway's growth strategy is focused on three key components*

1

## Maintain core growth

- Continue to offer customer-first integrated service offering
- Investment in digital processes and automation
- Leverage its Trans-Tasman presence to deepen its relationships with Asian e-commerce platforms and suppliers
- Continue strong organic growth from expanded warehouses and facilities

2

## Accelerate new growth

- Leveraging partnerships in the Asia-Pacific region
- Established outbound perishables and bounded warehouses
- Operating platform for e-commerce parcels from the greater Asian region via bonded warehouse facilities across Australia
- RACA designated and fully accredited

3

## Well-positioned for recovery from the pandemic

- International expansion in the Asia-Pacific region by leveraging extensive expertise in air freight and sea freight
- Opened an office in Shanghai and registered a fully owned subsidiary Wiseway Shanghai
- Expanded operations in Auckland, New Zealand
- Essential service provider during the pandemic

## Successful strategy of growth

*The scale and breadth of Wiseway's business will enable it to take advantage of emerging trends and growing demand for logistics services*



**Formal business**

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# Shareholder voting cards

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## Shareholder Voting Card



**Entitled to vote and address the meeting**

## Non-Voting Shareholder Card



**Not entitled to vote, but may address the meeting**

## Visitor Card



**Not entitled to vote or address the meeting**

# Proxy votes

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- To be valid, proxies must have been received by Link Market Services at least 48 hours prior to the meeting.
- Valid proxies will be displayed prior to the resolution being considered by the meeting.
- All undirected proxies to the Chairman will be voted in favour of each resolution.
- All resolutions will be decided on a show of hands.



# Items of business

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## Item 1: FINANCIAL STATEMENTS AND REPORTS

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To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2020.

## Item 2: REMUNERATION REPORT

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To consider and, if thought fit, to pass the following resolution as a non-binding resolution:

*“To adopt the Remuneration Report, as set out in the Directors’ Report for the Company and its controlled entities for the financial year ended 30 June 2020.”*

Notes:

- I. In accordance with section 250R of the *Corporations Act 2001 (Cth)*, the vote on this resolution will be advisory only and will not bind the Directors or the Company.
- II. A voting exclusion statement applies to this resolution (see Explanatory Notes of details).

### Item 3: ELECTION OF LIN XU

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To consider, and if thought fit, to pass the following motion as an ordinary resolution:

*“That Lin Xu, who retires in accordance with clause 20.6 of the Company’s Constitution, be elected a Director of the Company.”*

#### Item 4: RATIFICATION OF APPOINTMENT OF AUDITOR

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To consider, and if thought fit, to pass the following motion as an ordinary resolution:

*“That, in accordance with section 327B(1)(a) of the Corporations Act 2001 (Cth) and for all other purposes, KPMG having been nominated by a shareholder and consented in writing to act in the capacity of Auditor, be appointed as the Auditor of Wiseway Group Limited.”*

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