

# Wiseway Group Limited

ASX: WWG



Investor Presentation: 1H21 Result  
March 2021

# Contents

---

<b>1H21 result overview</b>	<b>3</b>
<b>Company overview</b>	<b>11</b>
<b>Questions</b>	<b>19</b>
<b>Appendix</b>	<b>20</b>

---

## Presenters

---

<b>Roger Tong</b>	Chief Executive Officer
<b>Florence Tong</b>	Managing Director
<b>James Zhu</b>	Group Financial Controller
<b>Michael Hughes</b>	Chairman

---

Company/investor enquiries:  
**[admin@wiseway.com.au](mailto:admin@wiseway.com.au)**

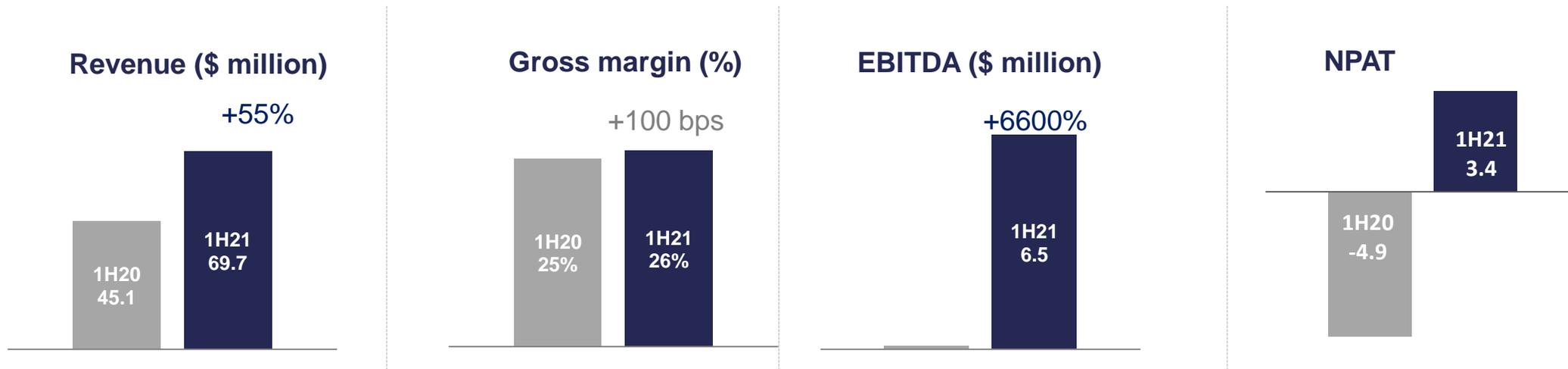
Media/investor enquiries:  
+61 449 571 078  
**[Wiseway@symbolstrategic.com.au](mailto:Wiseway@symbolstrategic.com.au)**

A close-up photograph of a variety of fresh fruits arranged in a basket. The fruits include several bright orange oranges, a bunch of dark purple grapes and a bunch of green grapes, a whole pineapple with its characteristic diamond-patterned skin and green crown, a green starfruit, a sliced kiwi showing its green flesh and black seeds, a ripe red tomato, a yellow lemon, and a peach with a mix of red and yellow skin. The lighting is bright, highlighting the textures and colors of the produce.

**1H21 result overview**

# Key Metrics 1H21

- **Revenue** of \$69.7 million, up 54% from \$45.1 million
- **Gross profit** of \$18.1 million, up 60% from \$11.3 million, reflecting an increase in gross margin
- **Gross margin** of 26%, up 100 basis points from 25% in 1H20
- **EBITDA** of \$6.5 million increased from \$0.1 million in 1H20
- **Net profit/(loss) after tax (NPAT)** was \$3.4 million from the -\$4.9 in 1H20
- **Net debt** has fallen from \$4.9 million (1H20) to \$0.4 million (1H21)



# Overview of 1H21 result

1

## Group result 1H21

<b>Revenue</b>	\$69.7m in 1H21 up 54% from \$45.1m in 1H20
<b>Gross profit</b>	\$18.1m in 1H21 up 60% from \$11.3m in 1H20
<b>Gross margin</b>	26% in 1H21 up 100bps from 25% in 1H20
<b>EBITDA</b>	\$6.5m in 1H21 up from \$0.1m in 1H20
<b>EBITDA margin</b>	9.3% in 1H21 up 914bps from 0.22% in 1H20

### Operating environment:

- Continued import and export services between Australia and Asia despite international travel and cargo challenges
- Increased capabilities by offering customers alternative cargo solutions to address COVID-19 related challenges
- Investment in staff, infrastructure and operating platform supported multiple logistics services that contributed to diversifying the income streams

2

## Growth in sales across all divisions

<b>Air freight - cargo</b>	<b>Up 25%</b> vs pcp
<b>Air freight - perishables</b>	<b>Up 363%</b> vs pcp
<b>Sea freight</b>	<b>Up 93%</b> vs pcp
<b>Road freight</b>	<b>Up 64%</b> vs pcp
<b>Imports and distribution</b>	<b>Up 139%</b> vs pcp

### Strong growth across both business divisions:

- 25% increase in trading income from Wiseway's core air freight - cargo business of \$45.4 million (pcp \$36.2 million)
- New business divisions almost tripled revenue to \$24.0 million (pcp \$8.5 million)

3

## 1H21 operational milestones

- ✓ We have diversified our business and our income streams
- ✓ We have opened an office in Guangzhou in China – this is in addition to the Shanghai office

# Cash flow

Cash and cash equivalents (\$m unless stated otherwise)	1H21	1H20	Change %
Net cash from operating activities	7.5	(3.1)	342
Net cash from investing activities	(1.5)	(0.7)	-114
Net cash used for financing activities	(2.4)	2.8	186
<b>Net increase/(decrease) in cash</b>	<b>3.6</b>	<b>(1.0)</b>	<b>460</b>
Cash at the beginning of the period	8.6	4.6	87
Effects of movement in exchange rates	0.2	0	N.m
<b>Cash at the end of the period</b>	<b>12.4</b>	<b>3.6</b>	<b>244</b>

## Operating cash flow:

- Higher proportional levels of cash received from customers driven by growth of new business division sales and increased collections from corporate and larger credit account customers.

## Investing cash flow:

- Final payments for property improvements, x-ray scanning machines, and increasing the fleet of trucks committed during 1H20.

## Financing cash flow:

- \$2.6 million in finance lease payments during 1H21.

**Note:** In the table, cash refers to cash and cash equivalents.

**Note:** N.m. = not meaningful.

# Capital management

Balance sheet (\$m unless stated otherwise)	31 Dec 2020	30 Jun 2020	Change %
Total equity	27.2	23.7	15
Cash and cash equivalents	12.4	3.6	244
Total assets	68.0	63.2	8
Secured bank loan	5.0	5.0	0
Finance leases	7.4	7.6	- 3
Total liabilities	40.8	39.4	4
Net debt	0.4	4.9	- 92
<b>Financial position:</b>			
Shares on issue (#)	140,318,769	140,318,769	0
Gearing ratio (%)	60%	62%	- 3
<b>Earning Per Share (EPS), cents</b>	<b>2.45</b>	<b>-3.63</b>	
<b>Net tangible assets/share (cents)</b>	<b>19.42</b>	<b>15.87</b>	<b>18%</b>

## Financial position:

- Cash and cash equivalents as at 31 December 2020 were \$12.4 million (pcp: \$3.6 million).

## Capital management:

- Prudent financial debt levels.
- The secured bank loan of \$5,000,000 was fully repaid on 4 January 2021, and is available fore redraw.

# Operating environment

---

## Macro-environment:

- Demand for logistics services remains high.
- Wiseway helped Australian and Asian customers overcome the logistics and cargo challenges presented by COVID-19.

## Operational:

- Wiseway has continued to successfully operate its import and export services between Australia and Asia despite international travel and cargo challenges.
- Driven by our integrated platform which supports multiple logistics services that contributed to diversifying our income stream.
- These services have diversified our income streams.

**Wiseway is at the forefront of changing freight dynamics of import-export demand**

# Outlook

---

## Business:

- ▶ Cautiously optimistic as demand for logistics services remains high but this may vary as the COVID-19 related international travel, transport and logistics are modified.
- ▶ The Board and Management of Wiseway continue to prioritise supporting our customers and employees in these challenging times.
- ▶ We are well positioned to face the challenges ahead.

## Macro-economic:

- ▶ The macro-economic outlook remains volatile.
- ▶ Wiseway is positioned to actively manage its operations and maximise its outcomes.



# Company overview

# Overview of key milestones



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

## ANZ footprint:

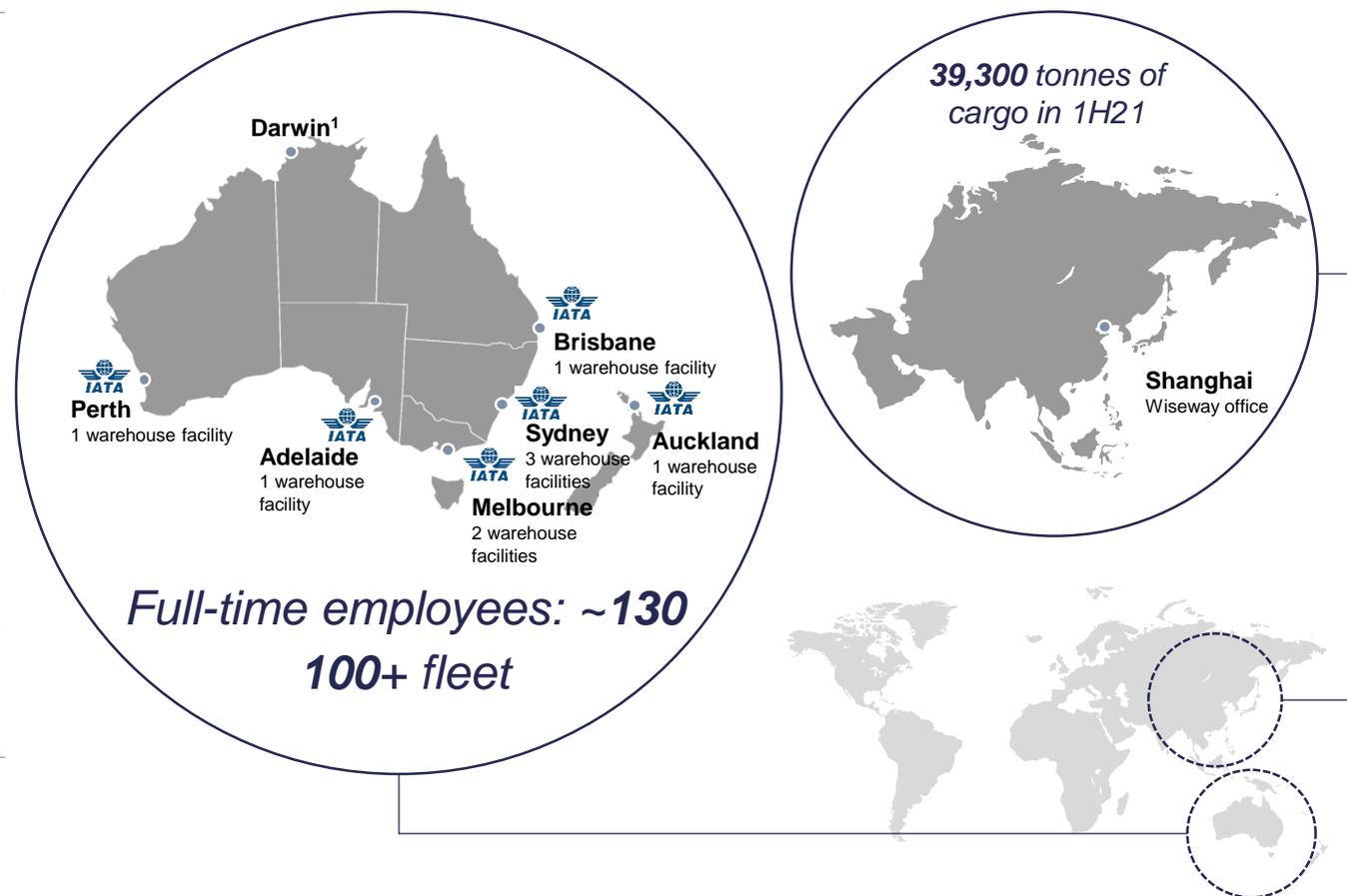
- 9 accredited Regulated Air Cargo Agent locations in Australia and New Zealand
- Customs-bonded warehouse capability
- Accreditation to export perishables to China

## 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



**Growing presence in Asia: Wiseway's Australia-New Zealand footprint of warehousing facilities connect with Asia-bound destinations via 100 routes**

Note:

1. Darwin branch is managed by an exclusive local agent

# Wiseway's strategic focus and values

---



# Income diversification through eight business divisions: opened a second business support office in China

Wiseway Group Limited							
Export			Import	Domestic transport	GSA/CSA	Regional	
Dry cargo (air freight) 	Perishables (air freight) 	Sea freight 	General cargo & e-commerce 	Airtruck 	Airnex 	Auckland 	Shanghai & Guangzhou 
<ul style="list-style-type: none"> <li>• Platforms</li> <li>• Suppliers</li> <li>• Parcel consolidators</li> <li>• Infant milk formula, vitamins, health and skin-care products, honey, wine</li> </ul>	<ul style="list-style-type: none"> <li>• Fresh produce</li> <li>• Seasonal fruit</li> <li>• Seafood</li> <li>• Meat</li> <li>• Fresh milk and dairy</li> </ul>	<ul style="list-style-type: none"> <li>• General food commodities</li> <li>• Australian produce</li> <li>• Wine</li> </ul>	<ul style="list-style-type: none"> <li>• General cargo imports clearance and delivery</li> <li>• E-commerce parcel imports and distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Interstate and road transport business – ‘food movers’</li> <li>• Servicing wholesalers, manufacturers and airlines</li> </ul>	<ul style="list-style-type: none"> <li>• Cargo sales for airlines</li> <li>• Managing more than 70 flights per week from Sydney, Melbourne, Brisbane, Perth, Darwin, Cairns and Auckland</li> <li>• Servicing third-party freight forwarders</li> </ul>	<ul style="list-style-type: none"> <li>• IATA accredited</li> <li>• Operations and Business team built up</li> <li>• Designated Customs Controlled Area (CCA)</li> </ul>	<ul style="list-style-type: none"> <li>• Assisting businesses from China to Australia</li> <li>• Shanghai office</li> <li>• Guangzhou office</li> </ul>

Diversified business shipping to 100 destinations

# Wiseway's strengths

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

Scale advantage



## 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 one 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 multiple and integrated services
- 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

## Regional business development

- International expansion in the Asia-Pacific region by leveraging extensive expertise in our core business and new
- ANZ footprint with a presence in seven capital cities
- Opened a Business Support Office in Guangzhou
- Identified Los Angeles as a site for our expansion into the United States

### 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*



# Questions

---



# Appendix

---

# Financial performance

Profit and loss (\$m unless stated otherwise)	1H21	1H20	Change %
Revenue	69.7	45.1	55%
Direct expenses	(51.6)	(33.8)	53
<b>Gross profit</b>	<b>18.1</b>	<b>11.3</b>	<b>60</b>
<i>Gross profit margin</i>	26%	25%	100 BPS
<b>Operating expenses:</b>			
Employment costs	(9.4)	(8.8)	6.8%
Occupancy costs	(0.5)	(0.4)	11.7%
Administration and other expenses	(1.8)	(1.8)	0
<b>Total operating expenses</b>	<b>11.7</b>	<b>11.0</b>	<b>5</b>
<b>EBITDA</b>	<b>6.5</b>	<b>0.1</b>	N.m
<i>EBITDA margin</i>	9.3%	0.22%	914 bps
Depreciation	(2.6)	(2.5)	4
<b>EBIT</b>			
Finance costs	(0.7)	(0.9)	(13)
Income tax expense	0.3	(1.6)	(120)
<b>NPAT</b>	<b>3.4</b>	<b>(4.9)</b>	<b>170</b>

*bps = basis points*  
*N.m. = Not meaningful*

## Revenue

- Revenue increased by \$24.6 million or 54% to \$69.7 million.

## Gross profit

- Gross profit was \$18.1 million up by \$6.8 million (60% pcp). This resulted in a 100 basis point (bps) improvement in gross margin to 26% for the half.

## Operating expenses

- Operating expenses were \$11.7 million up 6% pcp.

## Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

- EBITDA increased significantly from \$0.1 million in the pcp to \$6.5 million.

## Income tax expense

- There was a change in income tax income/expense of \$1.9 million.

## NPAT

- There was an improvement in NPAT to \$3.4 million from a loss of \$4.9 million in the pcp.

# Balance sheet

Financial position (\$m unless stated otherwise)	31 Dec 2020	30 Jun 2020	Change %
<b>Current assets:</b>			
Cash and cash equivalents	12.4	8.6	44
Trade and other receivables	8.7	8.3	4
Inventories	0.1	0.1	0
Current tax assets	0	0.9	N.m
Other assets	2.7	1.7	59
<b>Total current assets</b>	<b>23.9</b>	<b>19.6</b>	<b>22</b>
<b>Non-current assets:</b>			
Financial assets	0.4	0.4	0
Property, plant and equipment	42.4	43.2	-1.8
Deferred tax assets	1.3	0	N.m
<b>Total non-current assets</b>	<b>44.1</b>	<b>43.6</b>	<b>1.1</b>
<b>Total assets</b>	<b>68.1</b>	<b>63.2</b>	<b>7.8</b>
<b>Liabilities:</b>			
Trade and other payables	8.8	6.5	35
Loans and borrowings	9.7	10.2	4.9
Employee benefits	1.2	1.0	20
Current tax liabilities	0.1	0	N.m
<b>Total current liabilities</b>	<b>19.8</b>	<b>17.7</b>	<b>12.0</b>
<b>Non-current liabilities:</b>			
Loans and borrowings	20.9	21.6	4.5
Employee benefits	0.2	0.2	0
<b>Total non-current liabilities</b>	<b>21.2</b>	<b>21.8</b>	<b>-2.3</b>
<b>Total liabilities</b>	<b>41.0</b>	<b>39.5</b>	<b>4</b>
<b>Total Equity</b>	<b>27.2</b>	<b>23.7</b>	<b>15</b>
<b>Total Liabilities and Equity</b>	<b>68.1</b>	<b>63.2</b>	

## Assets

- Cash and cash equivalents increased as a result of better cash flow management.
- Current tax assets were utilised in December 2020
- Trade receivables were down as the result of increased collections from corporate and larger credit account customers

## Liabilities

- Trade payables were down from prior period with DPO of approximately 30 days

# Cash flow

---

<b>Cash flow (\$m unless stated otherwise)</b>	<b>1H21</b>	<b>1H20</b>	<b>Change %</b>
Net cash from operating activities	7.5	(3.1)	342
Net cash used in investing activities	(1.5)	(0.7)	-114
Net cash used in financing activities	(2.4)	2.8	186
<b>Net increase/decrease) in cash and cash equivalents</b>	<b>3.6</b>	<b>-1.0</b>	<b>460</b>

## Cash from operating activities

- The higher proportional levels of cash received from customers was driven by growth of new division sales and increased collections from corporate and larger credit account customers

## Cash used in investing activities

- Final payments for property improvements, x-ray scanning machines, and increasing the fleet of trucks committed during 1H21.

## Cash used in financing activities

- There were finance lease payments of \$2.6 million made in 1H21

# Disclaimer

---

This presentation contains summary information about Wiseway Group Limited (WiseWay) and its subsidiaries and their activities. The information in this presentation does not purport to be complete. It should be read in conjunction with Wiseway's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

The information contained in this presentation is not investment or financial product advice and has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision, investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek independent professional advice appropriate to their jurisdiction and circumstances.

To the maximum extent permitted by law, no responsibility for any loss arising in any way from anyone acting or refraining from acting as a result of this information is accepted by Wiseway, any of its related bodies corporate or its directors, officers, employees, professional advisers and agents (Related Parties). No representation or warranty, express or implied, is made by any person, including Wiseway and its Related Parties, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation.

An investment in Wiseway securities is subject to investment and other known and unknown risks, some of which are beyond the control of Wiseway or its directors. Wiseway does not guarantee any particular rate of return or the performance of Wiseway securities.

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Wiseway and associated entities of Wiseway and certain plans and objectives of the management of Wiseway. Forward-looking statements can be identified by the use of forward-looking terminology, including, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may" or "will", and similar expressions. These forward-looking statements include all matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of Wiseway to be materially different from the results or performance expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding Wiseway's present and future business strategies and the political, regulatory and economic environment in which Wiseway will operate in the future, which may not be reasonable, and are not guarantees or predictions of future performance. No representation or warranty is made that any of these statements or forecasts (express or implied) will come to pass or that any forecast result will be achieved. Forward-looking statements speak only as at the date of this presentation and to the maximum extent permitted by law, Wiseway and its Related Parties disclaim any obligation or undertaking to release any updates or revisions to information to reflect any change in any of the information contained in this presentation (including, any assumptions or expectations set out in this presentation).

All figures in this presentation are A\$ unless stated otherwise and all market shares are estimates only. A number of figures, amounts, percentages, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this presentation.