

# Wiseway Group (ASX: WWG) FY23 Investor Presentation

31 August 2023



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# Business overview



# Our core business segments

1	2	3	4	5	6
Air Freight Exports	Sea Freight Exports	Perishables	Imports	Road & Warehousing	Overseas
					
<ul style="list-style-type: none"> <li>• Serving e-commerce platforms, suppliers, and parcel consolidators.</li> <li>• Shipping infant milk formula, honey, wine, vitamins, and health and skin-care products.</li> </ul>	<ul style="list-style-type: none"> <li>• General food commodities.</li> <li>• Australian produce.</li> <li>• Food stuffs.</li> <li>• 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 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.</li> <li>• Servicing wholesalers, manufacturers and airlines.</li> <li>• 3PL warehousing (&gt;50,000 SQM).</li> </ul>	<ul style="list-style-type: none"> <li>• China (Guangzhou and Shanghai)</li> <li>• United States (Los Angeles)</li> <li>• New Zealand (Auckland)</li> <li>• Singapore</li> </ul>



## Overview of Wiseway

**Top 3**

freight forwarder  
(in terms of outbound air freight  
volumes)

**200+**  
employees

**100+**

Trucks and trailers

**4**

depots with cool room  
capabilities  
(Sydney, Melbourne, NZ, Perth)

**12**

warehouses  
(incl. RACA, Customs Bonded,  
Quarantine approved depots)

**11**

cities across

**5**

countries

Shipping to  
**100+**  
destinations





# Highlights





## FY23 results takeaways

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- 1 Continued turnaround in profitability in the last 6 months (+\$3.2m of EBITDA from 1H23 vs 2H23)
- 2 Wiseway achieved the strongest second-half profitability since Listing on the ASX in 2018
- 3 Soft revenue growth as freight rates normalise; limited impact to profitability expected
- 4 Strategy is delivering results, with strong growth in Perishables, Sea Freight and Imports
- 5 Core Australian division remains strong with EBITDA of \$5.5 million
- 6 Overseas plans are on-track with a strong improvement in profitability



## Financial highlights

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**\$106.6 million**  
Group Revenue

**\$3.7 million**  
EBITDA

**\$6.2 million**  
Underlying EBITDA<sup>1</sup>

**+\$4.1 million NPAT  
improvement**  
1H23 vs 2H23

**12 cents**  
Net Tangible Assets per Security

**\$9.1 million**  
Cash and Cash Equivalents

<sup>1</sup> Underlying EBITDA is a non-IFRS measure that the Group uses to assess performance as it excludes one-off and non-operational items.



## Operational Highlights

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Reduced operating costs due to process efficiencies and cost streamlining initiatives



Initiatives to enhance capabilities in Perishables, eCommerce Imports and Sea Freight on-track



Investments have made in building out Wiseway's marketing and business development capabilities



Global network has started to yield results, with clients using Wiseway in multiple geographies



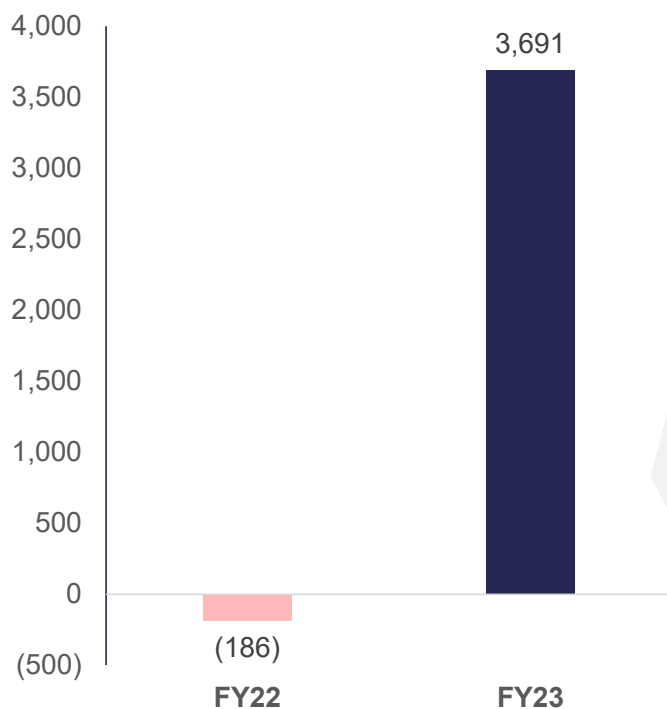
Expanded into more value-added services for customers, including IT integrations, client tracking portals, and administration handling



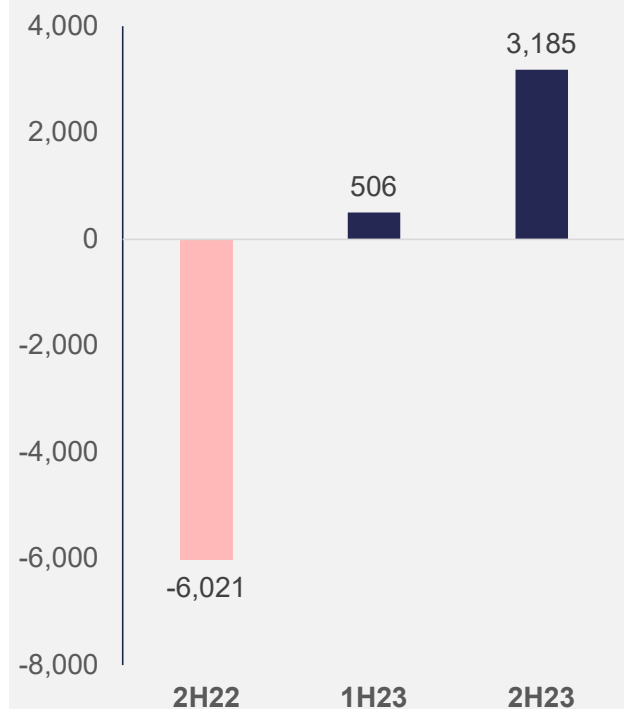
## The Group achieved a recovery in profitability in FY23

**EBITDA of \$3.7 million, a reversal compared to a loss of \$0.2 million in FY22**

EBITDA, A\$000's



EBITDA, A\$000's



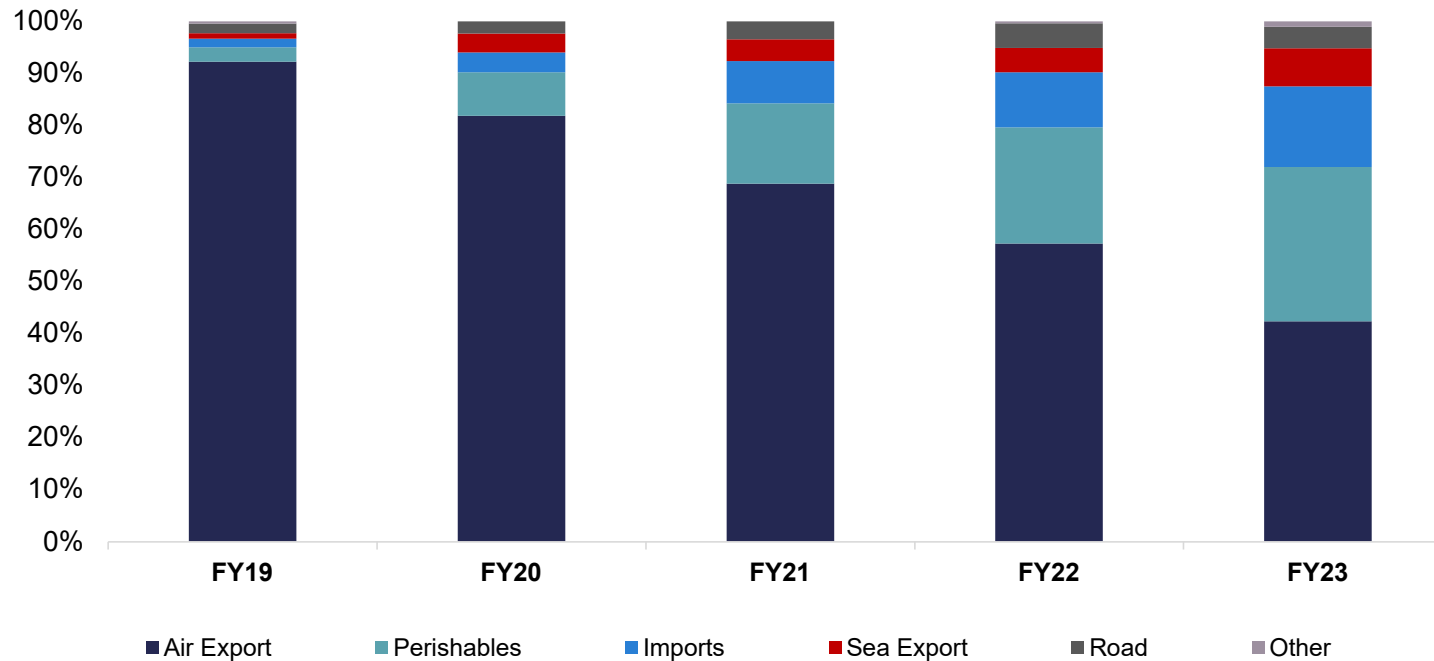
**Key drivers of improvement**

- ▶ **Operational and process** improvements
- ▶ **Cost initiatives**, yielding results
- ▶ Improved **revenue mix** to higher margin areas
- ▶ **Maturing overseas** divisions

# WWG continues to evolve into an integrated logistics service provider

## Group continues to diversify revenue into Perishables, Imports and Sea Freight Export

% revenue split



## Key drivers

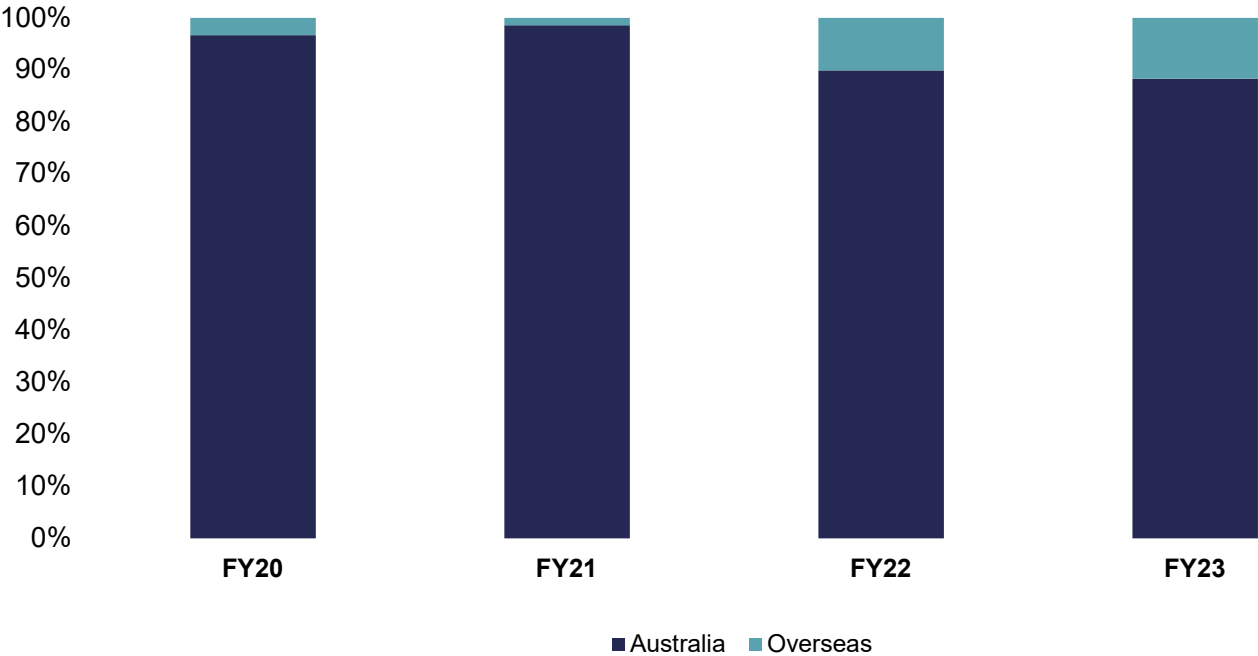
- ▶ Investments in **Perishables** operational and go-to-market capabilities driving growth
- ▶ Asia **inbound eCommerce** a significant driver of **imports** growth; expected to continue
- ▶ Some migration of volume from Air Export to **Sea Export**; continued market share gain



# Wiseway continues to drive expansion in overseas divisions

## Overseas divisions now account for 13% of group revenue

% revenue split



## Key drivers

- ▶ USA, New Zealand, Singapore and China continue to grow to a **larger proportion of Group revenue**
- ▶ Wiseway branding and **value proposition overseas starting to gain traction**
- ▶ Overseas divisions are **closer to achieving profitability** in the future



# Financial overview





## Income statement reflects return to profitability

	FY2023	FY2022	Change %
Revenue	106,552	130,668	-18.5%
Direct Cost	(72,558)	(102,781)	-29.4%
<b>Gross profit</b>	<b>33,994</b>	<b>27,887</b>	<b>21.9%</b>
<b>Gross margins</b>	<b>32%</b>	<b>21%</b>	<b>49.5%</b>
Operating expenses	(30,303)	(28,073)	7.9%
<b>EBITDA</b>	<b>3,691</b>	<b>(186)</b>	<b>2084.4%</b>
<b>EBITDA margin</b>	<b>3%</b>	<b>0%</b>	<b>2533.5%</b>
<b>Loss after tax</b>	<b>(3,160)</b>	<b>(8,096)</b>	<b>61.0%</b>
<b>Net Tangible Assets (cents)</b>	<b>12</b>	<b>13</b>	<b>7.7%</b>

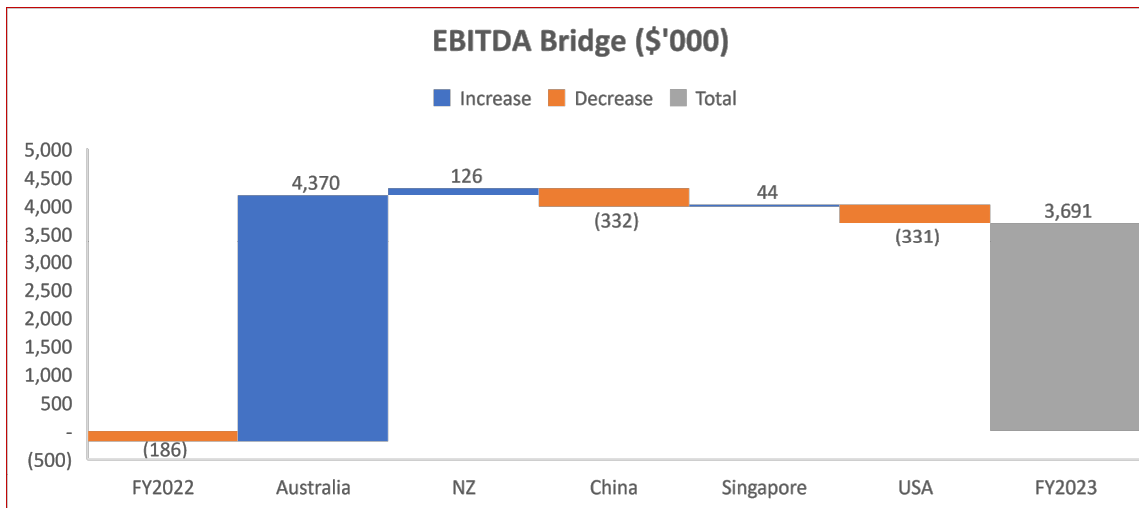
Gross profit up 22% (\$6.1m) reflecting effects of better client/service mix and direct cost control initiatives

Operating cost excluding spend on air operating certificate cost is otherwise similar to FY2022

EBITDA strong turnaround from a loss to a \$3.7m profit driven by strong recovery in the Australian business.

Whilst finishing with a loss of \$3.2m, this was largely arising from the first half of the financial year (reported loss of \$3.7m) where China covid restrictions were still in place.

Overall, the Australia business has rebounded strongly with China reopening with positive signs also seen in New Zealand and Singapore.



## Balance Sheet remains healthy

Balance Sheet	FY2023	FY2022
Cash and cash equivalents	9,072	6,933
Trade and other receivables	9,084	9,507
Other current assets	2,253	4,644
<b>Total current assets</b>	<b>20,409</b>	<b>21,084</b>
Right of Use Assets	18,925	15,041
Fixed & non-current assets	23,006	25,506
<b>Total assets</b>	<b>62,340</b>	<b>61,631</b>
Trade and other payables	6,753	7,659
Loans and debt financing	3,176	2,760
Lease and others	3,882	4,655
<b>Total current liabilities</b>	<b>13,811</b>	<b>15,074</b>
Loans and debt financing	12,128	10,657
Lease and other non-current liabilities	17,778	14,420
<b>Total liabilities</b>	<b>43,717</b>	<b>40,151</b>
<b>Net assets</b>	<b>18,623</b>	<b>21,480</b>

Financial Debt <sup>1</sup>	15,304	13,417
Lease Liability <sup>1</sup>	20,340	16,317
Debt/Equity <sup>1</sup>	76%	59%
Debt/Total Assets <sup>1</sup>	35%	29%

<sup>1</sup> Excludes AASB 16 finance lease liabilities and ROU assets

Strong cash position providing liquidity and opportunity to invest in growth.

Improved trade receivables position with notable reduction in provisioning.

Focus on improving long term capital structure of Group through better asset utilization as well as debt reduction.

Group has \$1.5m of deferred tax assets not recognized in the balance sheet available for use when it generates available taxable profits in the future.

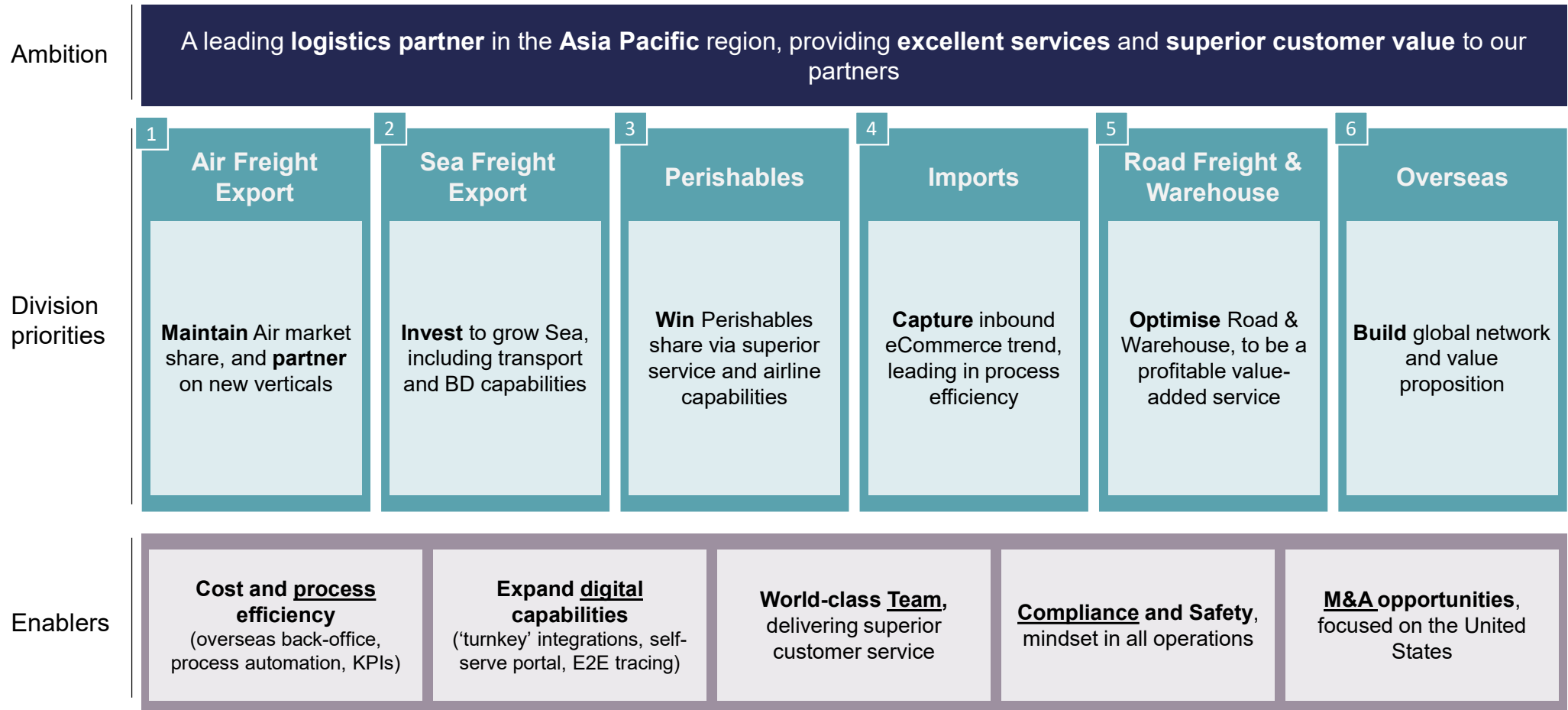


## Outlook and priorities





# Wiseway priorities for FY24





## Outlook

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- ▶ Expecting **continued profitability** in the next 6 months, as Wiseway enters the peak period for freight from September onwards
- ▶ Revenue growth expected be moderated due to decreasing international freight rates, but **continued volumes growth expected**
- ▶ **Margins expected to be can be largely maintained**, despite decreasing freight rate
- ▶ **Imports expected to be a key source of growth** over the next year, as it benefits from cross-border eCommerce tailwind
- ▶ The Group's **overseas divisions** will be a continued source of expansion, representing a key priority of the business
- ▶ **Further upside to Wiseway's performance** if there is a rebound in China's economy, and trade bans and tariffs for key commodities such as Lobster and Wine are lifted in the next year



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