



21 November 2019

**Wiseway Group Limited**  
ABN 26 624 909 682

**Registered office:**  
39-43 Warren Avenue  
BANKSTOWN NSW 2200  
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Wiseway Group Limited (ASX: WWG)

## **2019 Annual General Meeting Addresses**

In accordance with ASX Listing Rule 3.13, attached are the addresses to shareholders to be given by the Chairman and Chief Executive Officer at Wiseway Group Limited's Annual General Meeting today in Sydney.

**For further information, investors please contact:**

Roger Tong  
Executive Director and CEO  
E: [admin@wiseway.com.au](mailto:admin@wiseway.com.au)

### **About Wiseway Group Limited**

WiseWay (ASX: WWG) is a leading provider of integrated logistics in Australia and New Zealand with a nation-wide network of strategically located warehouses and facilities and with a large modern fleet of trucks and delivery vehicles. The Company was established in 2005 and listed on ASX in October 2018. WiseWay has grown to become one of the top three outbound air freight logistics providers in Australia with a specialist focus on Australia and China trade. WiseWay's focus is on cross-border logistics including air freight, sea freight, import services, domestic transportation, warehousing and customs clearance services, to a large customer base of domestic and international customers across its two main segments, general cargo and perishable cargo.

**Website:** [www.wiseway.com.au](http://www.wiseway.com.au)



## ANNUAL GENERAL MEETING

### Chairman's Address

<b>WISEWAY GROUP LIMITED</b>	
ASX: WWG	
ACN	624 909 682
DATE	THURSDAY 21 NOVEMBER 2019
TIME	10.30AM (AEST TIME)
VENUE	OFFICES OF KPMG TOWER THREE, INTERNATIONAL TOWERS SYDNEY LEVEL 38, 300 BARANGAROO AVENUE SYDNEY NSW 2000

## Chairman's Address

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### *[SLIDE 8 – FY19 KEY MILESTONES]*

Building on Wiseway's national presence of warehouses and logistics facilities since the Company was founded in 2005, following the IPO, the Company embarked upon becoming a leading specialist logistics provider in the Asia-Pacific region.

Our first year as a listed company has been a challenging one, contending with a volatile macroeconomic environment and slowing economic growth. Despite this, the company delivered revenue growth across all divisions and continued investing in long-term growth opportunities.

During the 2019 Financial Year the Company established a global logistics platform which underpins our strong competitive position to cater to the growing need for logistics services driven by China's growing consumer market.

Your company remains focused on growing its customer base and increasing freight volumes through strengthening and growing its relationships with new and existing customers. This will support long-term growth for the Company without the need for any further major capital expenditure.

The success achieved in executing our strategy saw strong underlying sales growth performance of the business, with growth across all business divisions and revenue increasing by 15% to \$94.5 million. We were disappointed that EBITDA of \$2.8 million fell short of Prospectus forecasts, through a combination of lower than forecast outbound air freight volumes, lower than anticipated gross margins whilst management was focusing on investing in the roll-out of its investments related to Regulated Air Cargo Agent ('RACA') accreditation, and higher operating expenses related to investment in growth initiatives.

### *[SLIDE 9 – OUTLOOK]*

Looking ahead, we continue to see promising opportunities ahead to deliver long-term growth and are focused on executing our strategy of building a global logistics platform. We will do this through delivering our wide range of services in the highly fragmented national logistics industry and investing in expanding our network of offshore partnerships.

Following the 2019 Financial Year, we were excited to have AZ Global become a strategic shareholder in the Company and strengthening our global logistics platform.

As a leading manufacturer to consumer distribution company and a significant our customer of Wiseway, AZ Global provides comprehensive, integrated digital marketing, branding and channelling support to businesses in the Fast-Moving Consumer Goods, or FMCG, industry for domestic and overseas distributions.

Wiseaway has a strong existing commercial relationship with AZ Global. Consistent with the existing relationship we will work to develop more business opportunities together.

Earlier this month, Nick Bolkus resigned as Chairman and as a Non-Executive Director of the Company. For personal health reasons he was no longer able to provide his complete attention and commitment to the Company.

The Board thanks Mr Bolkus for his tireless commitment supporting the company, including during the arduous IPO process, and wishes him well and the best of health in the future.

At the same time, the Board appointed Ms Lin Xu as a Non-executive Director of the Company.

In conclusion, we remain focused on the long-term growth opportunities to grow our business through leveraging our global logistics platform and strengthening relationships with Chinese e-commerce platforms. This growth is underpinned by strong strategic partners, balance sheet strength and a Board and Management committed to delivering on the future potential.

With this in mind, I would now like hand over to the CEO, Mr Roger Tong, to present to you.

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## ANNUAL GENERAL MEETING

### CEO's Address

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## CEO's Address

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Thank you, Michael.

Good morning everyone and thank you for your attendance today.

Wiseway Group listed on the Australian Stock Exchange on the 31<sup>st</sup> October 2018. Our first year as a listed company has been challenging given the volatile macroeconomic environment and slowing economic growth.

However, our business has grown and I look forward to the years ahead with confidence. We have continued to invest in developing our global logistics platform to support long-term growth in freight volumes and shareholders returns. We have diversified our income sources and have formed a strong management and leadership team. We have positioned ourselves ready to capture the next wave of growth in logistics – perishables and imports.

*[SLIDE 8 – STRONG FY19 PERFORMANCE]*

During the financial year, the Company achieved growth across all divisions leading to revenue being up by 15% on the prior year, to \$94.5 million, and in line with the Company's revised guidance. Our gross margin has increased due to the momentum in demand for perishables and growth in imports. In the 2019 financial year, we achieved EBITDA of \$2.8 million.

*[SLIDE 9 – STRONG REVENUE GROWTH ACROSS ALL DIVISIONS]*

Revenue was up by 11% for dry cargo and up by 27% for our transport services, up by 217% for our perishables business, and imports were up by 317% on the prior year. While the perishables and imports segments achieved high uplifts, they were off a low base, as they are emerging growth businesses.

*[SLIDE 10 – BALANCE SHEET STRENGTH SUPPORTS FUTURE GROWTH OPPORTUNITIES]*

The strong underlying performance was supported by continued investment in strengthening our logistics capabilities in the Asia-Pacific region while maintaining balance sheet strength.

*[SLIDE 11 – STRENGTHENED CAPACITY THROUGH INVESTMENT]*

In executing the Company's regional growth strategy during 2019 financial year, we made a number of key investments expanding our warehousing and operational capability in Australia, New Zealand and China.

Through investments made during the year, we achieved a regional logistics capability that is well-positioned for taking advantage of emerging opportunities driven by the rapidly evolving demand for freight services across the Asia-Pacific region.

In Australia and New Zealand, the Company's focus continues to be on investing to strengthen our already strong relationships with Chinese e-commerce platforms and leveraging the growth opportunities available through enhancing the services offered to them.

In Australia, we enhanced our competitive positioning through obtaining accreditations, including becoming fully accredited and designated as a Regulated Air Cargo Agent, or RACA for short. This enables us to scan and examine outbound air cargo – a procedure, which is now mandatory for all outbound air cargo.

Additionally, we expanded our bonded warehousing capability in Sydney and Melbourne. And we are glad, post year end, to see this capability further extended to our warehouses in Adelaide and Brisbane, with our application for bonded warehousing capability in our Perth facility currently in progress.

This now sees Wiseway's operating a national network of warehouses across all Australian major cities, with a total of eight facilities across Sydney, Melbourne, Brisbane, Adelaide and Perth. In Adelaide, Melbourne and Perth we also moved to bigger facilities with an increased capacity.

We made strong headway outside Australia. In New Zealand, our operations into Auckland achieved RACA and Ministry for Primary Industries (MPI) accreditations, and became a designated Customs Controlled Area (CCA). The commencement of operations contributed initial revenue in FY19.

We remain committed to expanding our operations in New Zealand and were pleased to have recently been accredited as an IATA Cargo Agent. In addition to other accreditations gained during the year, this means Wiseway can now handle all air freight export shipments in-house from our Auckland Airport precinct facility. This strongly positions us for growth in New Zealand market, going into the important October to April peak season.

In China, a business development office in Shanghai was opened, establishing Wiseway as an agile new entrant in the cross-border e-commerce market.

*[SLIDE 12 – INCOME DIVERSIFICATION]*

I would like to take this opportunity to provide an update on business operations. As we have expanded our business, it has also meant that we are not heavily reliant on a single source of income. Wiseway now has eight business divisions:

1. dry cargo exports
2. perishables exports
3. sea freight exports
4. imports
5. Airtruck domestic transport services

6. Airnex – GSA/CSA business
  7. (as well as the regional expansion into) New Zealand and
  8. China.
- In dry cargo export, we are servicing clients such as platforms, suppliers and parcel consolidators. With \$8.5 million growth in the financial year, this income stream provided the largest component of the total revenue.
  - Our team looking after the export of perishables are working around the clock to cater for the strongly growing demand from China for fresh Australian seasonal fruits, seafood, meat and milk.
  - Our imports team has grown significantly in size to capture the growth potential. We provide general cargo import clearance and delivery, as well as e-commerce parcel imports and distribution services.
  - Airtruck is Wiseway's interstate and road transport division: servicing wholesalers, Wiseway air freight as well as airlines.
  - Airnex, is our GSA/CSA division, representing airlines and selling their cargo space. We manage more than 70 flights per week (that is over 3,000 a year), departing from Sydney, Melbourne, Brisbane, Perth, Darwin, Cairns and Auckland, servicing third-party freight forwarders, in addition to Wiseway Logistics.

*[SLIDE 13 – GEOGRAPHICAL OPERATIONS LEADERSHIP TEAM]*

I would like to place on record my thanks to our leadership team and the dedication of more than 130 staff members for their outstanding efforts and adaptability.

*[SLIDE 14 – ALIGNMENT OF EMPLOYEE AND SHAREHOLDER INTEREST]*

Over the last 12 months we have implemented formalised policies and procedures, including performance review processes and role specific KPIs. Our employee bonus schemes are linking personal performance and company performance, to align the interests of our people – both staff and shareholders.

*[SLIDE 15 – CURRENT TRADING CONDITIONS]*

While we have laid a strong foundation and see many opportunities for future long-term growth, we do not operate in a vacuum. Global macro-economic conditions have been challenging, driven by geo-political events, including the US/China trade dispute, which has led to concerns over the outlook for global growth.

The beginning of 2020 financial year has shown subdued exports of infant milk formula from Australia to China, leading to overall softness in outbound dry air freight volumes. The dry cargo export peak season traditionally lasts from November to January. We will have a clear picture of air freight volume once the period is over. A more constrained and competitive environment for our customers has contributed to a move by some customers to use lower cost sea freight services.



This shift has contributed to sea freight sales for the year performing satisfactorily. The main commodities include milk powder and wine.

Our perishables business has taken off with our Sydney fumigation facilities commencing operations in November 2019. Our expectations remain for increased overall perishables sales for the 2020 financial year. The early signs are positive, given the recent commencement this month of the peak harvest season, which ends in March.

Our inbound volumes are performing satisfactorily with benefits of our bonded warehouse facilities coming through.

*[SLIDE 16 – WISEWAY’S BUSINESS STRATEGY]*

Our focus is to maintain our core growth in dry cargo export, whilst accelerating growth in our new divisions in order to diversify our income streams. This year our main focus is on continued profitability and cost control.

*[SLIDE 17 – STRONG COMPETITIVE POSITIONING]*

We have built a highly capable team at Wiseway and their hard work will continue to place this company in a solid position to capture the opportunities that lie ahead.

I look forward to the years ahead with confidence, and to speaking with as many of you as possible after this meeting.

I will now hand back to Michael Hughes.

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