

Wiseway Group Limited

ASX: WWG



Investor Presentation: 1H21 Result
March 2021

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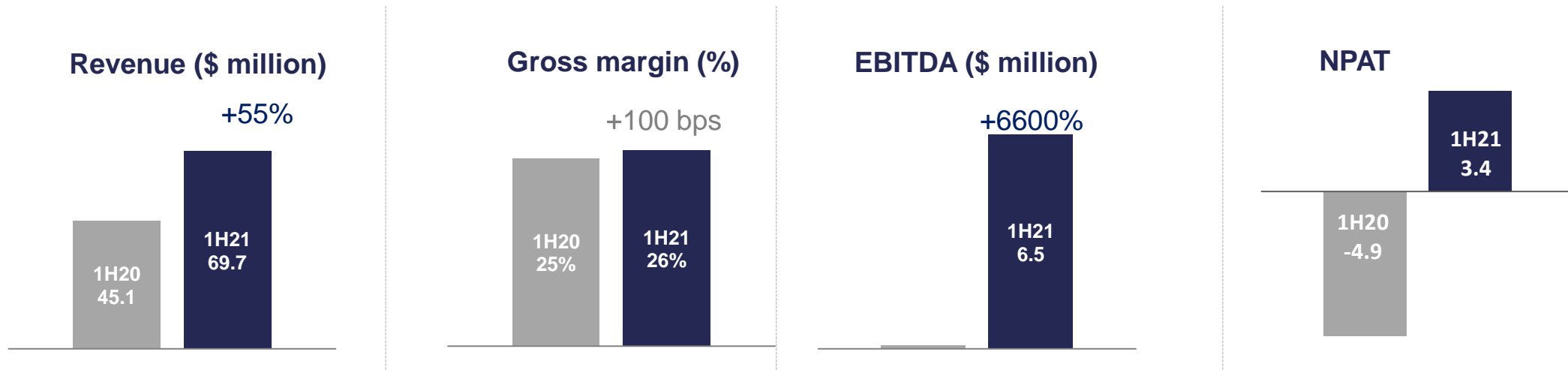
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A close-up photograph of a variety of fresh fruits. In the upper left, there are clusters of green and dark purple grapes. To their right is a whole pineapple with its characteristic diamond-patterned skin and a crown of spiky green leaves. Below the grapes, a large, bright red apple is visible. In the center, a green starfruit (carambola) is prominently displayed. To the right of the starfruit is another red apple and a yellow lemon. In the bottom right corner, a kiwi fruit is sliced in half, revealing its green flesh and black seeds. Other fruits like oranges and a pear are also partially visible. The text "1H21 result overview" is superimposed in white over the center of the image.

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

Revenue	\$69.7m in 1H21 up 54% from \$45.1m in 1H20
Gross profit	\$18.1m in 1H21 up 60% from \$11.3m in 1H20
Gross margin	26% in 1H21 up 100bps from 25% in 1H20
EBITDA	\$6.5m in 1H21 up from \$0.1m in 1H20
EBITDA margin	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

Air freight - cargo	Up 25% vs pcp
Air freight - perishables	Up 363% vs pcp
Sea freight	Up 93% vs pcp
Road freight	Up 64% vs pcp
Imports and distribution	Up 139% 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
Net increase/(decrease) in cash	3.6	(1.0)	460
Cash at the beginning of the period	8.6	4.6	87
Effects of movement in exchange rates	0.2	0	N.m
Cash at the end of the period	12.4	3.6	244

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
Financial position:			
Shares on issue (#)	140,318,769	140,318,769	0
Gearing ratio (%)	60%	62%	- 3
Earning Per Share (EPS), cents	2.45	-3.63	
Net tangible assets/share (cents)	19.42	15.87	18%

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:

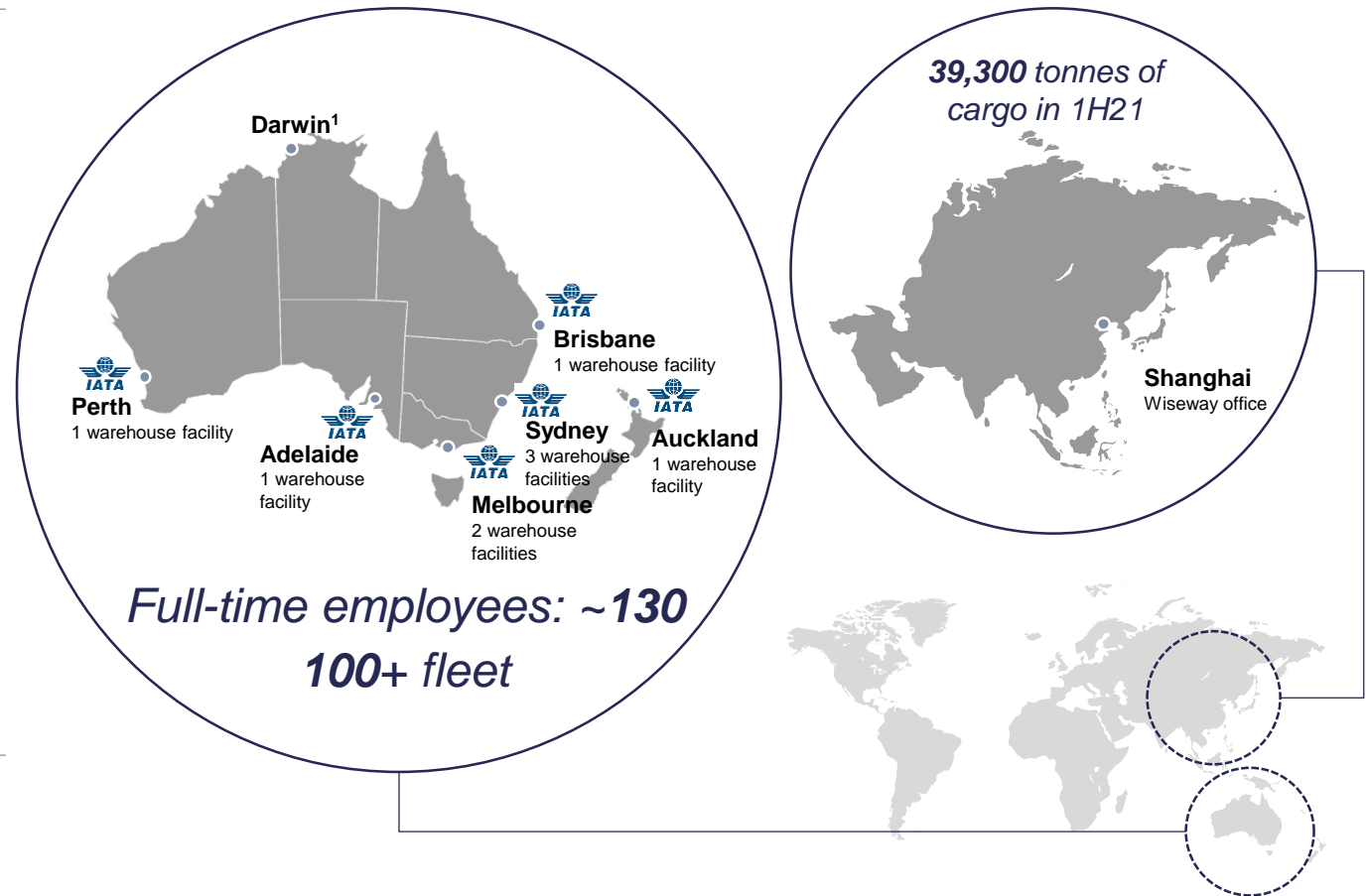
- 9 accredited Regulated Air Cargo Agent locations in Australia and New Zealand
- Customs-bonded warehouse capability
- Accreditation to export perishables to China

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

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
Gross profit	18.1	11.3	60
<i>Gross profit margin</i>	26%	25%	100 BPS
Operating expenses:			
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
Total operating expenses	11.7	11.0	5
EBITDA	6.5	0.1	N.m
<i>EBITDA margin</i>	9.3%	0.22%	914 bps
Depreciation	(2.6)	(2.5)	4
EBIT			
Finance costs	(0.7)	(0.9)	(13)
Income tax expense	0.3	(1.6)	(120)
NPAT	3.4	(4.9)	170

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% pcg). 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% pcg.

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

- EBITDA** increased significantly from \$0.1 million in the pcg 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 pcg.

Balance sheet

Financial position (\$m unless stated otherwise)	31 Dec 2020	30 Jun 2020	Change %
Current assets:			
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
Total current assets	23.9	19.6	22
Non-current assets:			
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
Total non-current assets	44.1	43.6	1.1
Total assets	68.1	63.2	7.8
Liabilities:			
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
Total current liabilities	19.8	17.7	12.0
Non-current liabilities:			
Loans and borrowings	20.9	21.6	4.5
Employee benefits	0.2	0.2	0
Total non-current liabilities	21.2	21.8	-2.3
Total liabilities	41.0	39.5	4
Total Equity	27.2	23.7	15
Total Liabilities and Equity	68.1	63.2	

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

Cash flow (\$m unless stated otherwise)	1H21	1H20	Change %
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
Net increase/decrease) in cash and cash equivalents	3.6	-1.0	460

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

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