Wiseway Group Limited
ABN 26 624 909 682

Registered office:
39-43 Warren Avenue
BANKSTOWN NSW 2200
T: +61 2 9790 7888

31 August 2023

ASX Announcement

FY23: Results announcement

Wiseway Group Limited (ASX: WWG, "**Wiseway**", "**the Company**" or "**the Group**"), one of Australia's leading integrated freight and logistics operators, today announced its financial results for FY23.

The Company has seen a continued turnaround in performance and profitability in the last 6 months, with net profit of $0.5 million in 2H23 compared to a net loss of $3.7 million in 1H23. The financial performance represents the Group's strongest second-half performance since Listing on the ASX.

The turnaround in performance is driven by continued operational and cost discipline, diversification of revenue streams, and maturing overseas divisions.

Key takeaways:

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

Financial highlights:

- Group Revenue of $106.6 million, whilst down 18.5% year on year, following the recalibrating of client mix and exiting of loss making clients, this saw positive contribution to Group performance in EBITDA and profitability
- EBITDA of $3.7 million, a reversal compared to a loss of $0.2 million in FY22, reflecting improved revenue mix and cost control initiatives
- Net Loss after Tax of $3.2 million, down 61% compared to loss of $8.1 million in FY22.
- Underlying EBITDA of $6.2 million[1]. Up from a loss of $0.2 million in FY22
- Underlying EBITDA margin of 5.8%[1] compared to EBITDA loss of 0.1% in FY22
- Net Tangible Assets per Security of 12 cents
- Cash and Cash Equivalents of $9.1 million providing liquidity to Group and asset to deploy for any strategic acquisition opportunities that may arise.

[1] 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:

- 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 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

Group financial performance

Overall financial performance

$'000			
Key metrics	**1H2023**	**2H2023**	**FY23**
Revenue	54,991	51,561	106,552
Reported EBITDA	506	3,185	3,691
Net Profit/(Loss) after Tax	(3,652)	492	(3,160)
Underlying EBITDA	2,077	4,121	6,198

Revenue breakdown by division and location:

$'000	FY22	FY23
Division breakdown		
Air freight – General cargo	74,628	45,143
Perishables	29,305	31,569
Sea freight	6,142	7,810
Road freight	6,289	4,432
Imports	13,766	16,493
Other	538	1,115
Total	**130,668**	**106,552**
Location breakdown		
Australia	117,480	94,130
New Zealand	2,594	5,031
China	6,329	3,617
Singapore	2,392	2,085
USA	1,873	1,689
Total	**130,668**	**106,552**

EBITDA by location:

$'000	1H2022	2H2022	1H2023	2H2023
Australia	5,661	(4,512)	2,417	3,102
New Zealand	40	(219)	(180)	127
China	(97)	(1,077)	(1,410)	(96)
Singapore	247	(90)	95	106
USA	(15)	(124)	(416)	(54)
Total	**5,836**	**(6,022)**	**506**	**3,185**

Overview of Results

We are pleased to present to you the financial results of Wiseway Group Limited (ASX: WWG) for the fiscal year 2023 (FY23). The past year has marked a significant turnaround in our performance and profitability, driven by strategic initiatives, operational improvements, and effective cost management. We are excited to share the key highlights and achievements that have shaped our journey over the last year.

Despite a decrease of 18.5% in Group Revenue year on year, which was largely attributed to recalibrating our client mix and exiting unprofitable clients, we achieved positive contributions to EBITDA and profitability. Our EBITDA for FY23 was $3.7 million, a reversal from a loss of $0.2 million in FY22, indicating improved revenue mix and effective cost control measures. While we reported a Net Loss after Tax of $3.2 million, this marked a significant reduction of 61% compared to the $8.1 million loss in FY22.

Continued Turnaround and Improved Profitability

The second half of FY23 saw Wiseway Group achieve a remarkable turnaround in its financial performance. We recorded a net profit of $0.5 million in 2H23, a substantial improvement from the net loss of $3.7 million in 1H23. This achievement marks our strongest second-half profitability since our listing on the ASX in 2018. This turnaround can be attributed to various factors, including operational efficiency, cost discipline, diversification of revenue streams, and the maturation of our overseas divisions.

Strategic Diversification and Revenue Growth

Our strategy to diversify revenue streams and expand our capabilities has yielded positive results. Notable growth areas include Perishables, Sea Freight, and Imports. Despite experiencing soft revenue growth as international freight rates normalized, our strategic focus has limited the impact on our overall profitability. Our core Australian division remains robust, contributing a strong EBITDA of $5.5 million.

Operational Efficiency and Global Network Expansion

We have focused on optimizing our operational costs through process efficiencies and cost streamlining initiatives. Our investments in capabilities within Perishables, eCommerce Imports, and Sea Freight have progressed as planned, enabling us to offer more value-added services to our customers. Our global network has started to bear fruit, with more clients using Wiseway in multiple geographies.

Outlook and Future Growth

As we enter the peak period for freight from September onwards, we anticipate continued profitability over the next 6 months. Despite potentially moderate revenue growth due to declining international freight rates, we are confident in our ability to maintain margins and sustain volume growth. We will further streamline costs and enhance operational processes, while reinvesting savings into key growth areas.

The Imports division, with its potential for cross-border eCommerce growth, is expected to be a significant driver of our growth in the coming year. Our focus on targeting the Asia and United States markets aligns with our goal of expanding our global network's strength. We remain vigilant in pursuing accretive M&A opportunities, ensuring Wiseway's future growth trajectory.

In conclusion, Wiseway Group has turned a corner over the past year, delivering positive results and charting a promising trajectory. We extend our gratitude to our dedicated team, loyal customers, and supportive shareholders for their contributions to our achievements.

CEO commentary

Mr Roger Tong, Wiseway CEO, said:

"Our turnaround plan is yielding positive results, driving a sustained improvement in company profitability over the last year."

"Continuing on from the effects made in the first half of FY23, we are pleased that the Group has achieved its strongest profitability in the January to June period since listing on the ASX. Typically, the January to June period is a quieter period for the Group because of Lunar New Year, limited Sales Holidays and Events, and a seasonal slowdown in the Perishables market. To achieve profitability in this period is a great achievement for the Group."

"The rebound in profitability during January to June is attributed to our Group's cost and process improvements, business diversification into less seasonal areas, and the maturing of our overseas divisions. These factors have collectively led to a noteworthy improvement in our profitability."

"Furthermore, performance in our overseas divisions have stabilised and are anticipated to begin to generate return on investment in the short-to-medium term."

"We are excited that our global network is starting to bear fruit. In the last 6 months, the Company is seeing more customers use Wiseway in multiple geographies. Furthermore, Wiseway is extending into more integrated and value-added services with customers."

"We are confident Wiseway can continue its journey towards profitable growth. The Group's capabilities and foundations have been paved and the turnaround is well on-track. We are expecting a fantastic peak season over the next 6 months."

Commenting on outlook:

"Wiseway expects continued profitability in the next 6 months, as it enters the peak period for freight from September onwards. Revenue growth may be more moderate due to decreasing international freight rates, but Wiseway believes that margins can be largely maintained, and overall volumes can continue to growth."

"The Company will continue to execute its turnaround plan by further streamlining costs and improving operational processes. Wiseway plans on re-investing savings to build capabilities in Perishables, eCommerce Imports and Sea Freight."

"Wiseway expects the Imports division to be a key source of growth over the next year, as it benefits from cross-border eCommerce tailwinds. The market is seeing multiple large Asian eCommerce players targeting the Australia and New Zealand market directly. The Company believes its strong Australia and New Zealand footprint, bonded warehouse capabilities, and technology-enabled clearance services, mean that it will be a beneficiary of this tailwind."

“The Group’s overseas divisions will be a continued source of expansion. A key priority for the Wiseway will be to target the Southeast Asia and the United States markets, which will also expand the strength of its global network.”

“Wiseway continues to maintain a healthy balance sheet, and continues to look for accretive M&A opportunities.”

“There could be 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. However, the Group is unable to comment on the likelihood of these events.”

“Mr Roger Tong, Wiseway CEO, commented: “Wiseway has truly turned a corner in the last 12 months. The Company has an excellent performance trajectory in the next few years. We will continue to build on our progress to make Wiseway a leading global logistics company”.

Authorised for release by the Board of Directors of Wiseway Group Limited.

Ends

For further information, please contact:

Investor enquiries
Ken Tong
COO
E: investors@wiseway.com.au

Media enquiries
Ken Tong
COO
E: media@wiseway.com.au

About Wiseway Group Limited (the Company)
Wiseway (ASX: WWG) is a leading provider of integrated logistics solutions, with a global network of strategically located warehouses and facilities and a large modern fleet of trucks, aircraft and delivery vehicles.

Established in 2005 to serve the growing Australia-Asia Pacific trade industry, Wiseway has grown to become one of the top three outbound air freight logistics providers in Australia. With multiple strategically located operation hubs in Australia, the US, and the Asia Pacific, the Company provides its large base of domestic and international customers with specialist cross-border logistics services including air freight, sea freight, import, domestic transportation, warehousing, and customs clearance.

For more information, please visit www.wiseway.com.au