

22 November 2017

AGM Chair and CEO Addresses

Chair Address

In 2017, we further consolidated our leadership position, delivering strong, high quality growth in revenues and profit while expanding our global platform and geographic footprint.

The business delivered revenues up 50% to \$153.8m, while net profit attributable to equity holders increased to \$31.9m, compared to \$2.2m for FY16. These pleasing results were fuelled by significant growth in revenue from our existing customers across transactions, modules and geographies as well as new sales worldwide. This organic growth was accelerated through targeted acquisitions and demonstrates the strength of our technology and our powerful 'five levers of growth' strategy.

Importantly, our revenues are high quality. Recurring revenue represents 99% of total revenue (excluding recent acquisitions) and our attrition rate for CargoWise One customers was less than 1% for the fifth year in succession.

Our industry-leading flagship technology, CargoWise One, is a deeply integrated global software solution for logistics service providers that enables our customers to execute highly complex logistics transactions and manage their operations on one database across multiple users, functions, offices, countries and 30 languages.

During FY17, we invested \$50.4m in product development and innovation, representing 33% of our revenue and more than 50% of all our people. Over 680 product upgrades and enhancements were made to our platform. Our significant investment in CargoWise One ensures that we can maintain a highly efficient sales and marketing model. An indication of this efficiency is that our sales and marketing expense in FY17 accounted for only 11% of revenue on a statutory basis, an exceptionally low level when compared to other software-as-a-service companies worldwide.

In addition, during FY17, and in the months since, we have completed acquisitions in Italy, Germany, Australasia, Taiwan, the Netherlands, North America and Brazil. Over time, as we integrate these businesses, staff and customers, these acquisitions will extend the depth, breadth and value of CargoWise One and will act to further accelerate our organic growth over the years ahead.

Sustainability

The long-term sustainability of our business is essential as our CargoWise One platform operates globally, creating long-term benefit to the environment through the digitisation of millions of data transfers, which in turn reduces the need for paper, hardware and resources. It also leads to an improvement in safety, accuracy and productivity across the supply chain, which reduces futile trips and other inefficiencies. We know the work we do drives innovation, global expansion and business efficiencies for logistics and in so doing helps long-term environmental sustainability.

Our people

WiseTech's strong and unique culture is central to the company's growth, technological leadership and global market presence. Our long-term employment practices have strongly favoured merit and creativity. We benefit from having a diverse mix of extraordinary people drawn from over 40 countries, ranging in age from 18 to 70+, with eclectic backgrounds and remarkable skills. Including our recently announced acquisitions, we now have a team of over 900 people across the globe.

Since 2014, we have expanded our WiseTech family threefold while retaining and further embedding our prized culture of freedom and responsibility, and placing productivity at the centre of everything. We highly engineer our processes, automating where we can, thereby freeing our people to accelerate growth and focus on innovation.

Our Board

It is important that the Board also embraces and reflects the WiseTech culture and innovation qualities. To this end we intend to add a further independent non-executive director to the Board this financial year with a focus on technology and innovation.

The Board and Remuneration Committee have also taken the opportunity to reflect upon and reassess our remuneration approaches for executives and the broader staff community and to establish a new remuneration framework. We know the actions our people take in FY18 will impact shareholder value for many years to come. Therefore, for WiseTech, we believe effective performance incentives are best focused on key strategic priorities, financial targets and operational KPI lead measures, with rewards delivered in the form of multi-year deferred equity to ensure alignment with our shareholders' interests.

As a Board, we are constantly seeking to improve shareholder communication and we hope you will take the opportunity today to engage with us and ask any questions that you may have.

Dividend

I would like to say a few words about dividends. Uncommonly in the technology space, WiseTech is a high growth innovator that has been both profitable and dividend paying for many years.

We declared a fully franked final dividend of 1.2 cents per share for FY17, which we paid on 4 October. This is in addition to the 1 cent interim dividend paid to shareholders in April. We have also introduced a dividend reinvestment plan to enable eligible shareholders to re-invest their dividends in WiseTech shares.

Our ongoing dividend policy is to target a dividend payout ratio of up to 20% of our annual statutory net profit after tax.

Our balance sheet remains robust, supported by \$54.9m of net cash flows from operating activities. At 30 June 2017, we held cash and cash equivalents of \$101.6m, compared to \$109.5m a year ago and we have in place an additional \$55m debt facility should we require it.

Thank you

On behalf of the Board, I would like to thank our CEO, Richard White, for his continual inspiration and vision, and also express our gratitude to the broader WiseTech Global team across the world whose dedication and commitment delivered these results.

During FY17, our total shareholder return was 56.4% and since our IPO in April last year the shareholder return has been over 350%. We see this gain as a function of financial and commercial markets developing a better understanding of our business strength, long-term strategy and our growth options. We collectively thank our shareholders both old and new for your support and acknowledge the trust you have placed in us.

Founder CEO Address

Sustainable, high growth, high-quality revenue and global expansion

This year, we have started to see our long-term strategy gain traction. Our execution of strategy in prior periods is responsible for the acceleration in revenue growth – FY17 is up 50% on FY16 which in

turn was up 47% on FY15, and our annual growth rate over the past five years is 38%, all of which is a strong reflection of the power of our global platform, loyal customer base and our growth strategy. Over those 5 years, we have more than tripled our revenue, grown EBITDA six times, invested \$167million in our innovation pipeline, added more than 3,000 product enhancements to our platform and undertaken acquisitions across Australia, Brazil, China, Germany, Italy, the Netherlands, North America, South Africa and Taiwan.

We are now a leading provider of software solutions to more than 7,000 organisations worldwide. Pleasingly, 32 of the top 50 global third party logistics providers are customers, as are 23 of the 25 largest global freight forwarders worldwide.

Throughout FY17 we saw greater usage by our existing customers across transactions, modules and geographies with revenue growth from that channel of \$27.2m, an increase of 80% compared to growth in FY16 and contributing over three quarters of our organic revenue growth. And in FY17, every annual cohort of CargoWise One customer, since we started measuring a decade ago, increased revenue in the financial year. With attrition rate by customer of less than 1% per year, year after year, this is a stable foundation from which we build. It is in itself a pure growth engine, with thousands of our customers across the world currently only using a few modules or in select regions – offering a significant runway of long-term revenue growth.

We have achieved EBITDA up 71% year-on-year, with a 57% CAGR over the last five years and EDITDA margin rates that more than doubled in the same time to 35%, while Net Profit rose over 1300% on a statutory basis and 124% pro forma to \$31.9m. All of this delivered while enlarging our global platform and geographic footprint to further build our leadership position.

Relentless innovation and product development

As you may know, we are relentless about innovation and focus on product leadership. With our CargoWise One technology, the only single-source code, deeply integrated, global, supply chain execution platform of its kind, we are in a leading position which we advance to the tune of over 600 new product enhancements annually.

We've invested over \$167m in innovation in the past five years, well ahead of industry competitors, and this coming year we expect to grow our investment in R&D to between \$60-\$65m. By investing half our workforce, and one in every three dollars through the door, back into innovation we are building the future.

We add to our considerable technology pipeline of commercialisable product by investing research and development resources into machine learning, natural language processing, automation and guided decision making driven by vast volumes of transactional and border agency data sets.

A sample pick of our pipeline demonstrates three broad categories. Development for ourselves to ensure our innovators work faster, harder and smarter. From the productivity accelerator, PAVE, on which we run our own workflows, to GLOW our 'build-once' architecture that dramatically reduces the need for coding by software developers, to our Universal Customs Engine, which can deliver complex, multi-year customs localisations in a fraction of the time and cost.

And when we turn our attention to customers, we focus on reducing errors, risks and costs, with real time integrated access to global data sets, such as WiseRates, Global Tracking and Border Compliance. We collate, cleanse and validate large data sets, contract rates, alerts, classifications and schedules, which are deeply embedded into our platform, designed to allow instantaneous and automated rating, booking and optimisation. Every flight, every vessel, rates, contracts, and the myriad of other complex, convoluted, difficult to access data sets across the world sourced from independent components, all made seamlessly available on the one integrated execution platform.

And for the supply chain more broadly, we are solving perennial problems like global address cleansing, geocoding and master data deduplication.

We are bringing meaningful, continual improvement to global logistics – replacing ageing proprietary and domestic systems and old-world processes with globally applicable, efficient, highly automated, deeply integrated capabilities.

This is important as we see ourselves as a powerful change leader, proven, safe, efficient, and capable of helping logistics providers across the world address the compound challenges of razor-thin margins, legacy systems, exponential transaction volume growth from the explosion in e-commerce shipments and ever-constant regulatory changes.

We have the global platform, scale and development capacity to revolutionise the industry across trade routes and borders and we will not rest until we have delivered fully on our vision to create the ‘operating system for global logistics’.

We don’t just limit our innovation to technology. We are relentless innovators with everything including our commercial approach. Unusually, as we have grown rapidly we have done so efficiently and profitably. And as we expand further, we continue to confront and eliminate the factors that constrain most companies’ growth and scalability and reduce their productivity.

Over the last decade, we have very carefully and deliberately, constructed, tested and iterated our commercial approach, learned how to industrialise our business processes, designed effective ways of growing teams of motivated, smart people and built efficient architectures to deliver and grow the leading global integrated execution platform.

We innovate anywhere there is a significant, valuable and sustainable advantage to be gained and this must necessarily include our management structure, agility, culture and openness.

Targeted acquisitions accelerate our long-term organic growth

In addition to our technology, each new geography and adjacency we acquire, adds a valuable point on our strategic map, accelerating the network effects and making CargoWise One even more compelling to local and global logistics providers and their customers. We buy into market positions that would take years to build, and we then integrate the acquired industry and developer talent and customers over time to accelerate our organic growth. We have now commenced early adopter sales for our integrated acquisitions in China and South Africa and since the start of this year we have acquired additional customs solution providers in Germany, Italy, Brazil and Taiwan.

We will continue to buy more of these smaller, targeted, strategically valuable assets focused on customs vendors in non-English speaking countries particularly targeting those regions with significant manufactured trade flows.

Since 30 June 2017, we announced a further five select acquisitions of adjacencies including CMS Transport Systems, Digerati for tariffs, global ocean carrier solution provider Softship AG and two global rates management solutions vendors (Cargoguide for air freight and CargoSphere for ocean freight). We utilise acquisitions in key adjacencies to facilitate our development of globally available innovations, to fuel the convergence of technologies that add to our next generation of automations and machine learning and to grow and enhance our extensive global data set.

While adjacencies have been small to date, looking forward, we expect our adjacent acquisitions to be comparatively larger in size because with these assets, a larger scale can be beneficial to build out globally. However they will remain small relative to the Group.

We will continue to apply our strategic assessment and earn-out structures to our acquisitions and we have the cash-flow capacity, balance sheet strength and funding options to facilitate our pipeline of acquisitions for the foreseeable future.

FY18 Outlook

With our very low customer attrition rate, our high recurring revenue and our on-demand licence model, our day-to-day business is stable and predictable. There are no short-cuts, quick fixes or single events that change our growth dramatically, instead it is the continued diligent and focused execution of every growth lever and every improvement available to us. All five levers of growth contributed to the strong operating result in FY17 and will continue to support and extend growth into the future.

Heading into FY18, our advances in product development, expanded global footprint, financial strength and ever-more efficient business model ensure that we are exceptionally well-placed to meet the needs of our customers, leverage macroeconomic conditions and drive the competitive dynamics of logistics execution globally. Furthermore, our relentless focus on product development, positions us at the forefront of technology in managing international logistics and cross-border compliance challenges, changes in trade patterns and evolving border regulation.

We have a long-term, high growth plan for FY18 and well beyond, supported by continued improvements in our core business and our significant pipeline of new innovations and acquisition opportunities.

To that end, I'm pleased to confirm that with our continued expansion WiseTech Global is tracking well to deliver on our long-term growth strategy. At the time of the results in August we provided our guidance for FY18 reflecting our strong business performance, earnings contributions from further acquisitions in Brazil, Taiwan and Australasia and ongoing growth across our global operations.

Today we are updating our FY18 revenue guidance to allow for additional organic growth and our recently announced acquisitions in the Netherlands and North America. Subject to currency movements, we have confidence to expect our revenue to grow between 35-41% to \$207-217m while EBITDA is still expected to grow between 32-39% to \$71-75m.

We have a long runway of growth in front of us and we are excited about the challenges ahead. I thank each of our shareholders for their investment in the company and for giving us the opportunity to build an even more powerful and valuable organisation.

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About WiseTech Global (ASX: WTC)

WiseTech Global is a leading developer and provider of software solutions to the logistics execution industry globally. Our customers include over 7,000 of the world's logistics companies across more than 125 countries. Our flagship product, CargoWise One, forms an integral link in the global supply chain and executes over 44 billion data transactions annually. Our software enables our customers to execute highly complex transactions in areas such as freight forwarding, customs clearance, warehousing, shipping, land transport and cross border compliance and to manage their operations on one database across multiple users, functions, countries, languages and currencies. Our breakthrough software solutions are renowned for their powerful productivity, extensive functionality, comprehensive integration, deep compliance capabilities, and truly global reach.

For more information on WiseTech Global, please visit:

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