



GROWTH **RECOMMENDATION**

**||| | wisetech
| | | global**

WTC:ASX
November 2024

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GROWTH RECOMMENDATION

Wisotech Global Limited WTC:ASX

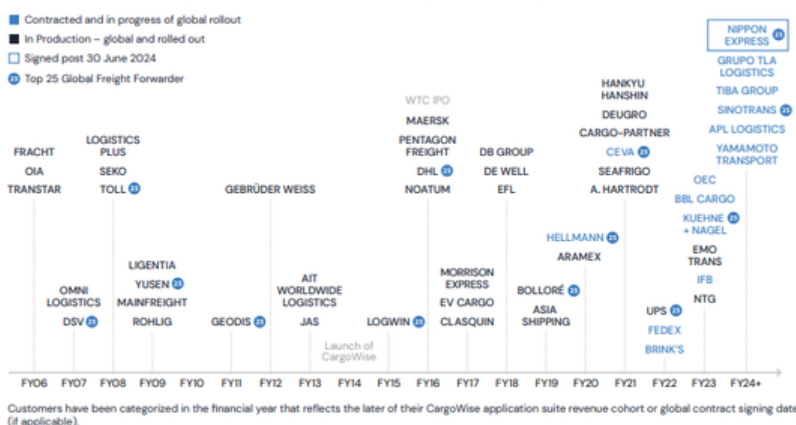
WiseTech Global is a leading provider of software solutions for the global logistics industry. The company's flagship product, CargoWise, is an integrated software platform that enables logistics service providers to execute complex transactions and manage their operations across multiple users, functions, countries, languages, and currencies. +

WiseTech serves over 17,000 logistics organizations worldwide, including all of the top 25 global freight forwarders and 46 of the top 50 global third-party logistics providers. The company's software is licensed for use in 183 countries, demonstrating its truly global reach and capabilities. WiseTech's mission is to change the world by creating breakthrough products that enable and empower those that own and operate the global supply chain.

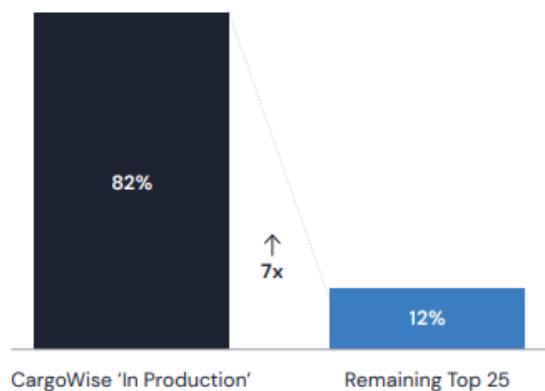
The company is relentless about innovation, having added over 5,600 product enhancements to CargoWise in the last five years. This commitment to continuous improvement and technological advancement has positioned WiseTech as a leader in the logistics software market.

The company's solutions are renowned for their powerful productivity features, extensive functionality, comprehensive integration capabilities, deep compliance capabilities, and global reach, making WiseTech an essential partner for logistics companies seeking to optimize their operations and compete effectively in the global marketplace.

Global rollouts - CargoWise application suite Large Global Freight Forwarders



Top 25 Container Volume Growth (FY11-FY23)



Top 25 customers 'In Production' on CargoWise significantly outperform their peers. This is demonstrated by the data from Armstrong & Associates which tracks the Top 25 Global Freight Forwarder's marine container volumes.

WiseTechs 'In Production' Top 25 Global Freight Forwarder clients have grown container volumes by 82% between FY11 and FY23, compared to 12% for the remaining Top 25

INVESTMENT CONSIDERATIONS

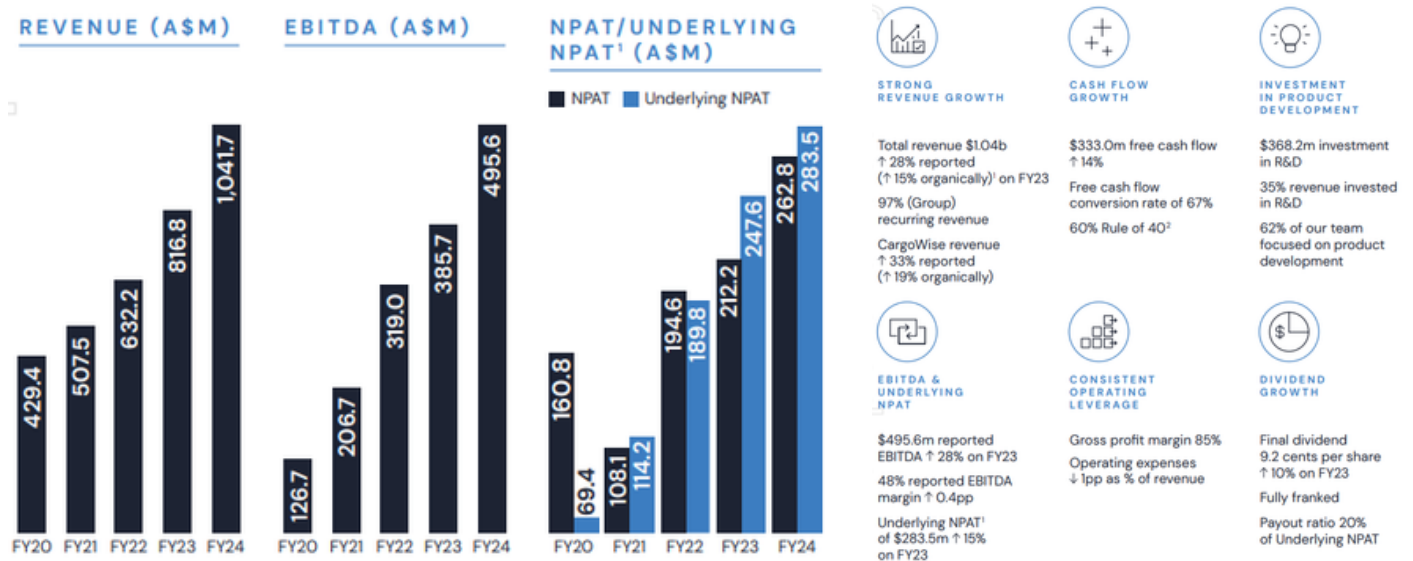
Leadership

WiseTech Global's leadership has recently undergone a significant change with the departure of founder and long-time CEO Richard White. While this transition presents some uncertainty, it also offers an opportunity for fresh perspectives and continued growth.

The company has appointed Andrew Cartledge, the current Chief Financial Officer, as interim CEO while a search for a permanent replacement is underway. This decision ensures continuity in the company's operations and strategic direction. Despite stepping down from his executive role, Richard White will remain involved with the company as a consultant, focusing on product and business development. This arrangement allows WiseTech to retain White's valuable industry knowledge and vision while addressing recent concerns about his conduct. The board, led by Chair Richard Dammary, has demonstrated strong governance by taking swift action to address these issues and maintain investor confidence. The company's leadership team beyond the CEO role remains stable, with an average tenure of 6.6 years, providing a solid foundation of experience and industry knowledge.

WiseTech's management has consistently demonstrated their ability to drive growth, innovate, and maintain profitability, which bodes well for the company's future performance under new leadership.

Financial Performance



INVESTMENT CONSIDERATIONS

Valuation

WiseTech Global has delivered impressive financial results for FY2024, exceeding market expectations and demonstrating strong growth across key metrics. Total revenue increased by 28% year-on-year to \$1.04 billion, with the core CargoWise platform contributing \$880.3 million, up 33% from the previous year. This robust revenue growth was driven by both organic expansion and strategic acquisitions. The company's EBITDA grew by 28% to \$495.6 million, reflecting an EBITDA margin of 48%, which is ahead of previous expectations. Underlying net profit after tax (NPAT) rose 15% to \$283.5 million, while statutory NPAT increased by 24% to \$262.8 million. WiseTech's strong cash generation is evident in its free cash flow of \$333 million, up 14% from FY2023. The company maintains a solid balance sheet with over \$500 million in cash and undrawn debt facilities, providing ample liquidity for future investments and potential acquisitions. Looking ahead, WiseTech has provided optimistic guidance for FY2025, projecting revenue growth of 25-30% to \$1.3-1.35 billion and EBITDA growth of 33-41% to \$660-700 million. While the company trades at a premium valuation, its consistent execution, strong growth trajectory, and expanding market opportunity justify the current price levels, making it an attractive investment for those seeking exposure to the rapidly evolving logistics technology sector.

Sociological Factors

WiseTech Global's software solutions have a significant sociological impact by driving efficiencies and sustainability in global supply chains. By optimizing logistics operations, the company indirectly supports global trade and economic development, facilitating the movement of goods across borders more efficiently and cost-effectively. This improved efficiency can lead to reduced costs for consumers and businesses alike, potentially contributing to economic growth and improved living standards. WiseTech's commitment to innovation in the logistics sector also plays a role in addressing environmental concerns. By optimizing routes, reducing paperwork, and improving overall supply chain efficiency, the company's solutions can help reduce the carbon footprint of global trade. Furthermore, WiseTech demonstrates a commitment to workforce development through initiatives like the Earn & Learn Program, which helps nurture talent in the tech industry. This focus on education and skill development contributes to job creation and economic opportunities in the technology sector. As global trade becomes increasingly complex due to geopolitical tensions and changing regulations, WiseTech's solutions help businesses navigate these challenges, potentially mitigating disruptions to international commerce. By enabling more efficient and compliant global trade, WiseTech indirectly supports cultural exchange and global interconnectedness, contributing to a more integrated world economy.

RISKS

Risks

Investing in WiseTech Global comes with several key risks that investors should carefully consider.:

Highly competitive market - the company operates in a highly competitive market, facing competition from both established players and innovative startups in the logistics software sector. This intense competition could potentially impact WiseTech's market share and pricing power in the future.

Recent Leadership issues - the recent leadership change with the departure of founder Richard White introduces some uncertainty regarding the company's future direction and ability to maintain its innovative edge. While measures have been put in place to ensure continuity, any significant shift in strategy or corporate culture could affect the company's performance.

Geopolitical or supply-chain disruptions - WiseTech's global operations expose it to geopolitical risks and potential disruptions in international trade. Changes in trade policies, tariffs, or global economic downturns could negatively impact the demand for logistics services and, by extension, WiseTech's software solutions.

Cyber Attack - as a technology company handling sensitive logistics data, WiseTech faces significant cybersecurity risks. Any major data breach or system failure could severely damage the company's reputation and customer trust.

Roll-up strategy - , WiseTech's growth strategy relies partly on acquisitions, which carry inherent risks related to integration, cultural fit, and potential overpayment. The company's ability to successfully integrate and derive value from these acquisitions will be crucial for its continued growth and profitability.

AI software - with the face of technology changing, AI may help competitors make a breakthrough in logistics software, where historically it would have been too expensive to catch up with Wisetech

WHY HOLD THE COMPANY?

Why hold the Company?

Investors should consider owning WiseTech Global shares for several reasons:

Market leadership - the company's market leadership in the global freight forwarding software sector positions it well for continued growth. WiseTech's flagship product, CargoWise, is becoming the industry standard, with its top customers outperforming non-customers in volume growth over the past 12 years. This dominant position creates a strong moat and potential for further market penetration.

Innovation - WiseTech's commitment to innovation is evident in its substantial R&D investment, which reached \$368 million in FY2024. The announcement of three breakthrough product releases for FY2025 - CargoWise Next, Container Transport Optimization, and ComplianceWise - demonstrates the company's ability to stay ahead of market needs and potentially drive future growth.

Financially healthy - the company's strong financial position, with over \$500 million in cash and undrawn debt facilities, provides flexibility for future investments and potential acquisitions. This financial strength allows the company to pursue growth opportunities and weather potential economic downturns.

Client Acquisition - the company continues to secure high-profile clients, including Sinotrans, APL Logistics, and Nippon Express, solidifying its position in the global freight forwarding market. These large-scale rollouts provide a stable revenue base and potential for upselling additional services.

Recurring Revenue model - WiseTech's recurring revenue model, based on a software-as-a-service (SaaS) approach, provides a stable and predictable revenue stream with high customer retention rates. This business model, combined with the company's focus on operational efficiency, positions WiseTech well for sustainable long-term growth and profitability in the rapidly evolving logistics technology sector.

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Our Commitment

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