WISETECH GLOBAL LIMITED (WTC)

Integrated software services in globally logistic market

Company overview:

ASX Code: WTC

Official Listing Date: 11/04/16

Current price: $16.410 (06/07/18)

Quoted shares on issue: 299.93 M

Market Capitalization: $4.91 BN

52 Week High: $17.670

52 Week Low: $6.380

EPS: $10.99 (FY17)

NPAT: $32.19 M (FY17)

Current Ratio: 2.89 (FY17)

Quick Ratio: 2.76 (FY17)

Relative price trend (2016-2018)

Source: ASX Website

Investment Highlights:

❖ *Few competitors in logistics service software industry providing similar products*

Although logistic service provider software market has been highly fragmented, WiseTech Global has few competitors with capability to provide an integrated, SaaS-based, global supply chain execution solution across a range of industry-specific and enterprise wide applications. It could allow company to capture the market quickly and scramble for customer resources.

❖ *Attractive business model*

WiseTech Global focuses on product development and innovation, which could provide better customer experience and make its product, CargoWise One, more efficient and reliable integrated into customers business. Most of the revenue is generated through On-Demand Licensing model and the growth strategy is mainly depend on expanding global platform and customer base. Until now, WiseTech Global has more than 7000 existing customers across various aspects of the global supply chain in more than 125 counties.

❖ *Rapid growth in logistic execution software market*

Due to the complexity in global supply chain, it is important to have a software platform like CargoWise One to provide various aspects of services in logistic market. By estimation, the supply chain management software market will reach around US$ 19 bn with a 10% of CAGR growth in 2021. Moreover, global SaaS-based SCM market will possibly at US$ 9,570 million by 2023.

❖ *Numerous advantages using a cloud and SaaS based software model*

CargoWise One is enable to increase visibility to customer business in supply chain market and it also could decrease the costs and mitigate the errors because customers will not need to re-entering data to other third-party applications any more. More importantly, based on the cloud-based computing technology, it is easy for customers to add new geographies and users when using this platform.

❖ *Attractive financial profile*

Company reported NPAT of $ 32.2m in FY17, which is more than 10 times of that in FY16. There is also an obvious increase in revenue from 2013 until now, reaching $ 153.8 million in FY17, nearly three times higher than FY13. Basic EPS in FY17 was $ 10.98 cents and dividend paid $ 1.2 cents per share.

Key risks: Decline in trade volumes and economic conditions; Failure to retain existing customers and attract new customers; Security breach and data privacy

Recommendation: Hold. An expected EPS for FY18-21will be 8.83, 11.92 and 16.09 cents.

Table of Contents

1. Brief Introduction

WiseTech Global (WTC) is a leading provider of software to the various aspects of logistics services industry globally, such as freight forwarding, custom clearance, container freight, tracking and tracing, warehousing, cross-border compliance, and air, sea, rail and road transport. Moreover, it could develop, sell and implement software solutions that enable logistics service providers to facilitate the movement and storage of goods and information domestically and internationally. Nowadays, WiseTech Global has operated their business in more than 130 countries with over 44 billion data transactions annually. Its customers include over 7,000 of the world's logistic company, including 33 of the top 50 global third party logistic providers and 24 of the 25 largest global freight forwarders worldwide.

The core product of the company is CargoWise One, which is a single platform with multi-layer, deeply integrated, contains industry-specific software modules to both execute logistics services and enterprise-wide software modules, such as accounting and reporting, customer relationship management document management, and human capital management, that help our customers manage their domestic, regional and global businesses.

Source: WiseTech Global Website

CargoWise One is a key product brand of WiseTech Global, an international technology development company dedicated to delivering innovative, market-specific software solutions worldwide. More importantly, it also a global leader in logistics technology solutions that improve visibility, efficiency, quality of service and profitability into customers business. Referred to Frost & Sullivan, WiseTech Global will be one of the very few logistics service provider software companies with an integrated, SaaS-based, global supply chain execution solution across a range of industry-specific and enterprise wide applications.

2. Business Overview

2.1 Business model

The company's business model is underpinned mainly by four features: including product development and innovation, sales and marketing strategy of accessing CargoWise One by customers, on-demand, usage-driven licensing models and providing 24/7 support services.

The first and the most vital feature of company's business model is relentless product development and innovation. The company will continuously develop software platform to ensure scalability, efficiency, control and reliability by adding new modules, new product component, new geographies, quality improvement and so on. The cumulative development spending exceeded $ 85.6 million over the three years to FY17.

Secondly is the efficient "empower and enable" sales and marketing strategy. This provides CargoWise One customers with open access to technology platform and configure our platform to suit their specific needs and then to use more modules and add more users and locations without additional sales contracts or customization, site visits or coding changes. During FY15 to FY17, sales and marketing spending was about 15% of revenue annually.

Thirdly, on-demand, usage-driven licensing models provides no limitation on transactions, users or geographies for customers to access CargoWise One platform. It will be charged monthly by WiseTech for customer usage, which includes modules and transactions made.

Lastly, the company provides 24/7 support services through automation or external consultants. In addition, the WisePartner network of external authorised consultants can assist customers to buy and implement CargoWise One.

2.2 Growth strategy

The growth strategy is based on four key components:

- Expanding global platform through innovation

WiseTech Global will regularly upgrade and expand CargoWise One platform to broaden product offering to meet customers need in logistic functions and expand addressable market.

- Enabling greater usage by existing customers

It is a part of sales and marketing strategy, which enables customers to increase their use of software as their businesses grow, for example, more transactions through CargoWise One and modules used in more regions.

- Increasing the number of new customers using the platform

Through direct sales and referral programs, WiseTech has proved successful in obtaining new customers. Moreover, by transiting the customers from acquired companies is another way to expand customer base.

- Accelerating execution of strategy and growth through acquisitions

It provides opportunity to enter new geographies and new areas of logistics execution, such as Asian, Europe, Latin America, North America, South Africa and Middle East. The target companies WiseTech chose are small-medium logistic software providers with 10-30 employees and NPAT less than $0.5 million. The company believes the acquisition of customer bases of leading domestic logistic service providers in selected regions to be an efficient and low-cost growth strategy to build a presence in market and allow WiseTech Global to drive network effects and competencies to support product development.

2.3 Source of Revenue

Revenue comes from fees paid by logistics service providers who use software. It is primarily generated via On-Demand licensing (more than 90% of revenue) under which customers can access software on an as-needed basis (SaaS) and typically pay monthly based on usage without any upfront licence fee.

WTC currently primarily operates two On-Demand licensing models:

- Module User Licence (MUL) model where customers pay on: (i) a per user, per module, per month basis; and (ii) additional fees for using services such as excess cloud-based storage; and
- Seat plus Transaction Licence (STL) model where customers pay: (i) a fee per active user per month; (ii) a fee per transaction, varying depending on function and module used; and (iii) additional fees for using services such as excess cloud-based storage.

Revenues grow with increased usages or transactions, increased number of users (including users in new geographies) or increased number of modules used. Revenue will growth as customers become more familiar with CargoWise One, add more modules and transactions and productivity improvement by customers themselves.

2.4 Main Customers

Until July 2018, WiseTech Global has more than 7000 existing customers across various aspects of the global supply chain, such as Senator International, JAS Worldwide Warehouse and LF logistics for warehousing solution; Kronoz and Port Nelson for tracking and tracing; CrossDock, ACS Logistics, Future Forwarding and Mid-America Oversea for air and sea freight and transportation; CLEARFreight, World Exchange and Compliant Customs for custom clearance. More impressively, 24 of the top 25 global freight forwards are using this software as well, like DHL GF, Kintetsu World Express, Toll Group, Hellman Worldwide Logistics, Nippon Express, Yusen Logistics, Hitachi Transport System, UPS and so on[1].

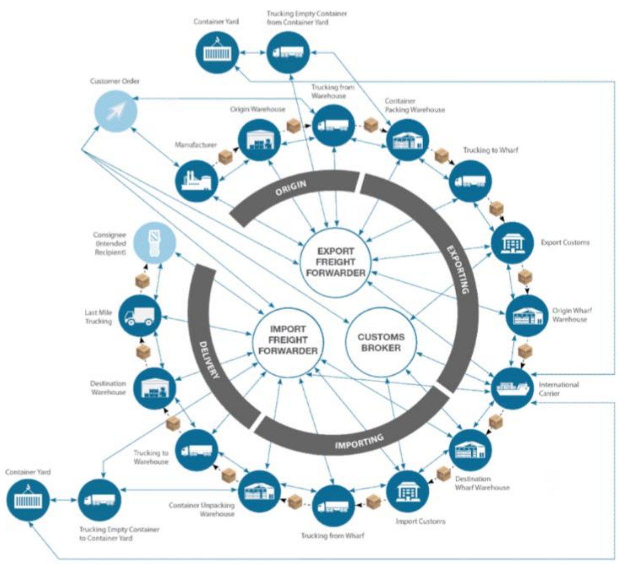
The software CargoWise One could enable customers to manage highly complex, time-critical operations and often heavily regulated compliance requirements that are essential to their core business activities. In addition, most of positive feedbacks have received by WiseTech through their global customers with only less than 1% of annual attrition rates for last four years. From the customers' perspective, the core product of the company, CargoWise One, could be recognised to enable a vision to bring better information not only to their clients, but also to the whole management team and share it in a real time with good quality and fast speed.

Apart from existing customers, WiseTech Global is still making acquisitions worldwidely. After integrating the acquired companies onto global CargoWise One platform, it will definitely increase the customer bases and its revenue.

[1] Ranked by Armstrong & Associates: Top 25 Global Freight Forwarders List, ranked by 2016 logistics gross revenue/turnover and freight forwarding volumes

3. Industry overview

3.1 Logistic and Software industry



Source: WiseTech Global Website

In a globalised economy, supply chains often require precisely timed movements of raw materials, finished goods and intermediate products between multiple locations, into and out of storage and across geographic and national boundaries. To achieve this, a number of logistics functions are required across the supply chain including freight forwarding, air, sea and land transport, warehousing and customs clearance.

More importantly, global supply chains are increasing in complexity, which has driven growth in the engagement of outsourced logistics service providers:

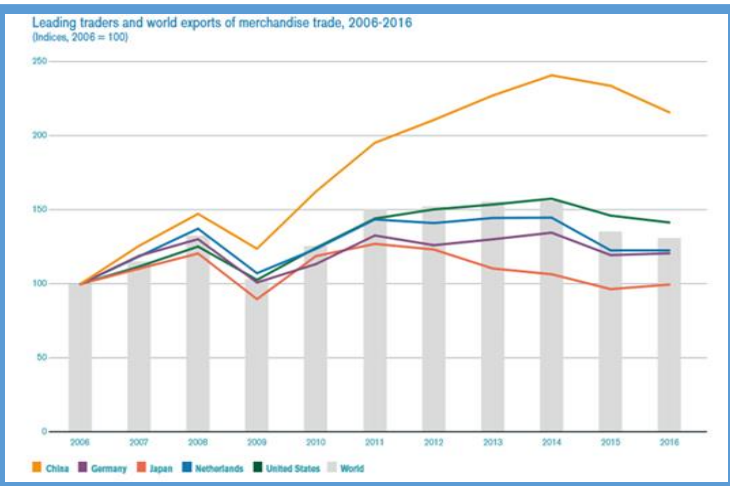
- Increased outsourcing by manufacturing companies, which has led to increased dispersion of production processes (for example, the sourcing of raw inputs, the production of components and the assembly of components), requiring the movement of raw and semi-finished materials between cities or countries
- Increased regulation and the complexity of compliance
- Cost pressure: The increased use of just-in-time manufacturing to reduce inventory costs, which requires reliability and speed through the supply chain.

Therefore, a single integrated SaaS supply chain software platform seems more attractive and important to both retailers and wholesalers when operating their business. This kind of software could provide numerous functions and applications undertaken by logistic service providers, with lower cost and more time efficiency.

Considering the software industry, in the early days of mainframe-based computing, companies generally used proprietary, often self-developed, software. Improvements in connectivity have enabled so-called "cloud" solutions, where the software is hosted by the provider (or in a third-party data centre) and it is accessed as SaaS as needed by the customer's systems via the internet. A cloud-based SaaS model can offer benefits such as a lower upfront cost in licence fees and IT infrastructure, greater scalability and easier updating. Based on Gartner, Inc estimates, the spending on public cloud services will grow at a 4-year CAGR of 16.1% to reach US$ 318 bn in 2019[2].

[2] Gartner, Inc., 'Forecast: Public Cloud Services, Worldwide, 2013-2019, 4Q15 Update', 22 December 2015.

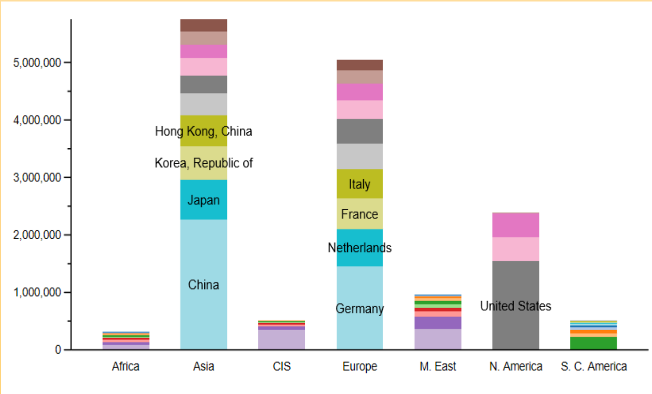
3.2 Global and target countries export trade:



Source: World trade statistical review 2017, WTO

Based on the information the World Trade Organization provided, it could be found that the leading traders in world exports of merchandise trade during 2006 to 2016 would be China, America, Netherlands, Germany and Japan.

It is worth mentioning that China, as the second largest economic entity, is the leader in the world trade and doubled amount of merchandise export trading comparing in 2006[3].



Source: International Trade and Market Access Data, WTO

In the whole year of 2017, European Union contributed the most among other countries about more than US $ 5,903 bn on export, China as the second, with around US$ 2,263 bn, followed by America with US$ 1,546 bn.

Based on company's strategy, WiseTech Global has made acquisitions in Asia Pacific, South Africa, Europe, Latin America and also South America since 2016. It could be seen that each target economic group has large volume of merchandise trade per year. It will provide more opportunity for WiseTech to increase its customer base through acquisition and integration into CargoWise One and will positively affect its financial performance when customers provide more logistics services in regional and global trade.

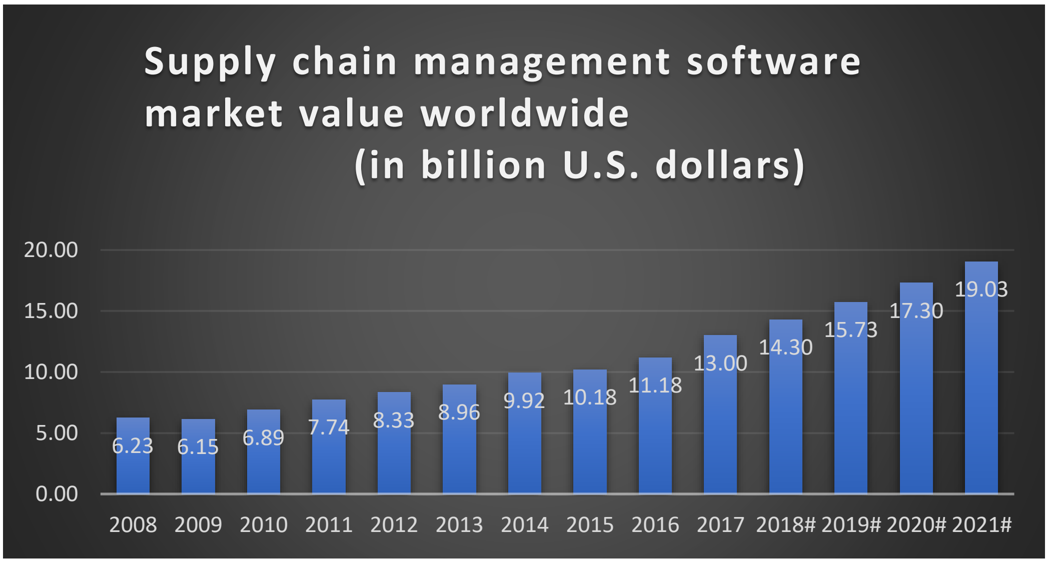
Apart from that, Europe, Asia Pacific and South America have complex compliance requirements and high barrier in each area, particularly in customs. It is hard to fully understand the relevant foreign laws, regulations and business customs of these regions for a single software solution company. However, through acquisition of small entrenched logistic software providers, it will give access for WiseTech to enter into new geographies and new area, which could provide relevant, efficient, and professional logistic services to customers globally.

[3]https://www.wto.org/english/res_e/statis_e/statis_bis_e.htm?solution=WTO&path=/Dashboards/MAPS&file=Map.wcdf&bookmarkState={%22impl%22:%22client%22,%22params%22:{%22langParam%22:%22en%22}}

3.3 Logistics service provider software market

The logistic service provider software market is highly fragmented and ranges from in-house software solutions to multi-country software solution companies which differ in geographic and functional coverage. Due to the development of high technology and high demand of regional and global trade, more and more customers choose supply chain management software instead of manual process when doing their business with other third parties.

According to Gartner (2016), supply chain execution is focused on execution-oriented applications, including warehouse management systems, transportation management systems, global trade management systems and other execution applications, such as real-time decision support and supply chain visibility systems within the enterprise. In addition, Gartner also estimated that it would be a 10% of CAGR growth in supply chain management software market and the globally market value would reach around US$ 19 bn in the next three years in 2021[4].

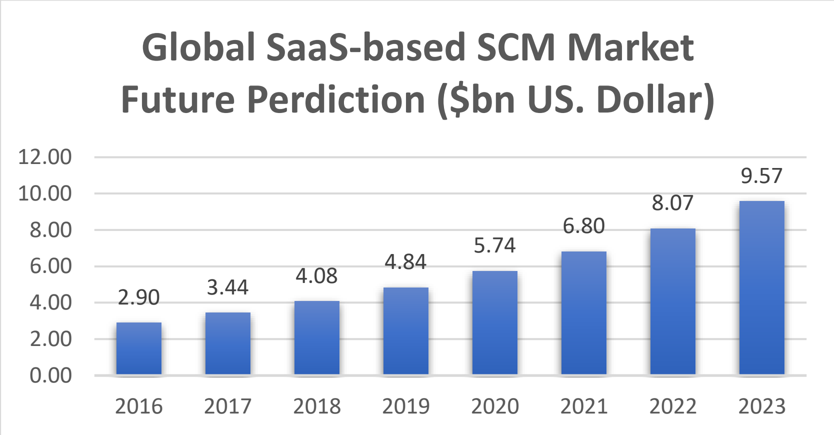


Source: Aitch Investment

Considering one segment from the whole market, the global SaaS-based SCM market was valued at US$ 2,897 million in 2016, and is estimated to reach US$ 9,570 million by 2023, growing at a CAGR of 18.6% from 2017 to 2023 based on Souma's research[5].

[4] Gartner, Inc. research, 'Forecast: Enterprise Software Markets, Worldwide, 2016-2021, 4Q15 Update'

[5] Global Opportunity Analysis and Industry Forecast, 2017-2023, Soumya Swarup Sahoo, https://www.alliedmarketresearch.com/SaaS-based-SCM-market



Source: Aitch Investment

SaaS-based SCM, including private, public, and hybrid deployment models, is offered by prominent cloud supply chain management solution providers, such as Accenture, HighJump, IBM Corporation, Infor, JDA Software Group, Inc., Kinaxis, Logility and Manhattan Associates. The global SaaS-based SCM market is expected to witness significant growth rate, due to the rise in ICT expenditure by governments of various developed and the developing regions, including North America, Europe, and Asia Pacific.

The Asia Pacific SaaS-based SCM market is expected to register the highest CAGR in the near future, as countries such as China, India, Japan, and Australia offer lucrative opportunities for market players. Global vendors are investing high capital in the market to improve the overall SaaS-based SCM solution offering to ensure low-cost and real-time supply chain monitoring, and on-time production processing solutions. Moreover, increase in demand for smart transportation and connected logistics management is a key driver of the European SaaS-based SCM market.

4. Key strength (cloud-based SaaS model)

CargoWise One, the software WiseTech Global owned, is a cloud-based SaaS model software. It provides numerous benefits beyond the execution of transactions within modules, including:

- ❖ Increased Visibility:

Connectivity provides unprecedented visibility and the real-time ability to influence, resulting in an intelligent supply network and evolved operating models. Therefore, customers could easily connect with their supplier, vendors, warehouse and custom, which made supply chain become more dynamic, secure and interactive.

- ❖ Reducing in costs:

Using an integrated single platform logistic software, customers have ability to replace multiple proprietary systems and/or other third-party applications, which could decrease the cost a lot. In addition, cloud–based delivery system can further reduce IT infrastructure and maintenance costs for the customers.

- ❖ Risk mitigation:

With increased visibility and alerts, real time data will be available globally through CargoWise One. Customers will not need to re-entering data to other third-party applications any more, that would eliminate of associated errors occurred.

- ❖ Scalability and expansion into new geographies and services:

Trough using CargoWise One, customers could scale down their operations to target niche markets or segments and also could add new geographies and users to start business using new modules. Because cloud-based computing supply chain solutions operate on a flexible, usage-based model, network, storage and capability can be quickly changed to take account of the volatility of customer demands and market conditions.

- ❖ Increase efficiency:

The single integrated software has ability to integrate of people, process and technology, which could further increase the productivity gains from customers through a reduction in third-party vendor software applications and resource required. Moreover, the channel-centric supply networks also help foster individualized products and services, which would enhance customer experiences.

5. Key risks

- ❖ Decline in trade volumes and economic conditions:

Customers from WiseTech Global are logistic service providers whose business operation are highly depend on regional and global logistic activities. If there is a decline in trade volumes and recessionary economic condition, it may adversely affect the financial performance of the company.

- ❖ Failure to retain existing customers and attract new customers:

More than 90% of the total revenue is generating from Recurring Revenue, which represents customers make monthly payments based on usage of modules and transactions. If the company has difficulty in retaining and attracting customers, the growth in revenue will be slow, or revenue may decline.

- ❖ Security breach and data privacy:

As a software solution firm, it is important for company to keep customers' confidential and proprietary information. The business could be materially impacted by security breaches customers' date and information, either by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential customer data.

6. Competitors

Within the logistic services provider software market, WiseTech Global competes against self-developed software solutions (in house for property use); single-country software solution companies, multi-country software solution companies, global software solutions (hosted on a single integrated global platform) and customise enterprise resource planning software companies (enterprise-wide applications).

Moreover, the logistic service provider software market is highly fragmented. Refer to Frost & Sullivan's research, there were almost 38,500 logistic services providers just within America, Canada, Australia and New Zealand in 2016[6]. Globally, with 12 largest participants by revenue estimated were only to account for less than 5% of the total market revenue.

Through investigation, it could be found that numerous large logistic software companies are private firms, located in America, such as JDA Software Group, BluJay Solutions and 3PL Central. However, the top 3 strongest competitors among the industry could be Aconex, Oracle and SAP. Aconex (ACX) is an Australian software company, provided software solutions on a cloud and SaaS based model in project management. Although Aconex focused on construction and infrastructure industries, it has a similar business model and provides similar services compared with WiseTech Global.

Oracle and SAP are listed companies in America and Germany. Oracle is a database software and technology company with one segment in logistic market using Oracle Cloud while SAP only provides multinational enterprise software solutions to customers. Both of these two companies have huge stable customer base, particularly for SAP, with more than 320,000 customers in 190 countries, including Deloitte, Lennox International, CJ Logistics, Fonterra, Woolworth, CBA, BHP, AGL and so on.

Company Name	Main Business	Platform	Country	Basic financial data
JDA Software Group	Supply chain provider	Cloud based	USA, Private firm	
Aconex (ACX)	Project management (Construction, infrastructure, power, mining, oil)	SaaS basis, Cloud based, multi-company project collaboration solution	AU, take over by Oracle Corporation (approved by 14/03/18)	
BluJay Solutions	Supply chain software and services (retailers, distributors, freight forwarders, manufacturers, and logistics service providers)	Third-party Logistics	USA Customers: amazon, FedExpress, DHL	
Oracle Corporation	Database software and technology Oracle Cloud (SCM, EPM, CX)	SaaS	USA (ORCL)	Mkt Cap: $180.03B Beta: 1.04
SAP AG	multinational software corporation (enterprise software to manage business		German-based Enterprise software FWB: SAP	Mkt Cap: $144.26B Beta: 0.9

[6] Frost & Sullivan, "independent Market report on the logistic software market", 5/2/16

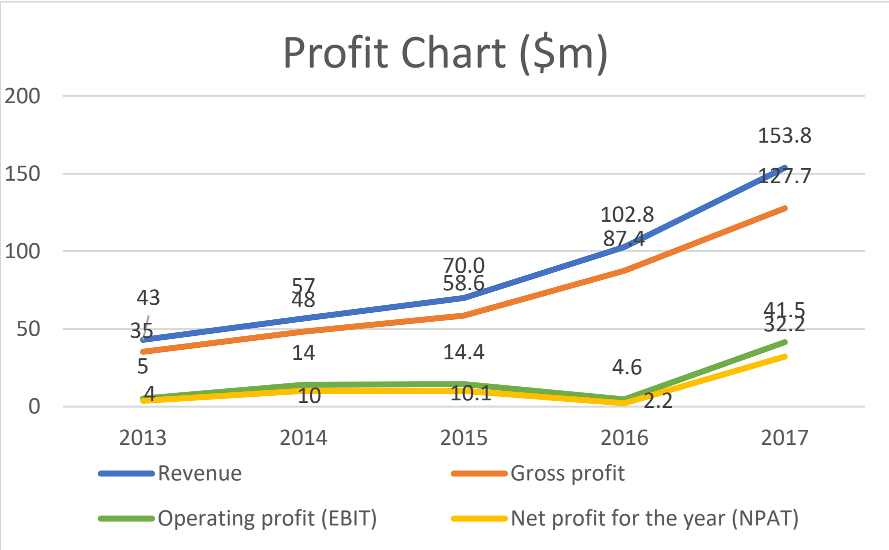
	operations and customer relations)		NYSE: SAP	
3PL Central	3PL warehouse management system	Cloud based, SaaS basic	USA Partner: Amazon, eBay	

Source: Aitch Investment

7. Financial analysis

7.1 Profitability

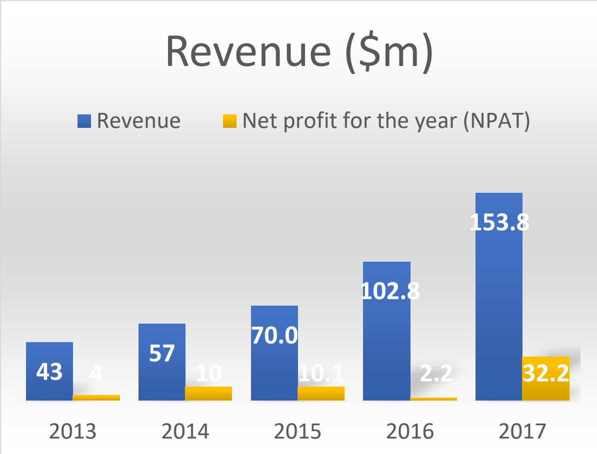
Considering the profitability of the company from FY13 until now, it seems that more than 90% of the total revenue comes from recurring monthly and annual software usage and the cost of revenue is really small comparing revenue, therefore, the gross profit margin could be around average 84% per year. WiseTech Global spends more money on product design and development, which accounts for around 30% of the revenue, nearly twice of the costs of both sales and marketing and administration expenses.



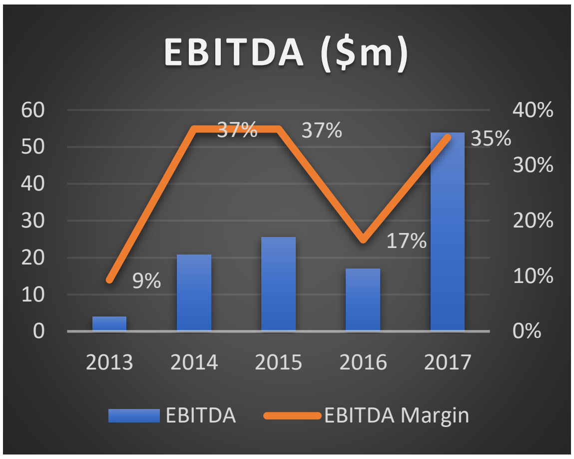
Source: Aitch Investment

Apart from that, there is an obvious increase in revenue from 2013 to 2017, reaching $ 153.8 million in FY17, nearly three times higher than FY13. Because of the expanding strategy, more costs were on production innovation and marketing in FY16 and FY17, $ 82.8 and $ 86.2 million respectively. Due to relative high growth revenue and stable operating expense, the operating profit in FY17 was $ 41.5 million and net income after tax was $32.2 million, both had upward trends. Particularly in 2016, although revenue increased more than $ 30 million from last year, the operating expense was nearly double up, which results in operating profit in FY16 was only $ 4.6 million and net profit after tax was only $ 2.2 million.

Comparing the low profit in FY16, the growth rate of EBIT and EBITDA in FY17 was almost 800% and 216%. EBITDA margin was stable during the last four years, around 35%. WiseTech paid the dividend about 1.05 cents per share in FY17 and the basic EPS was 5.31 cents.

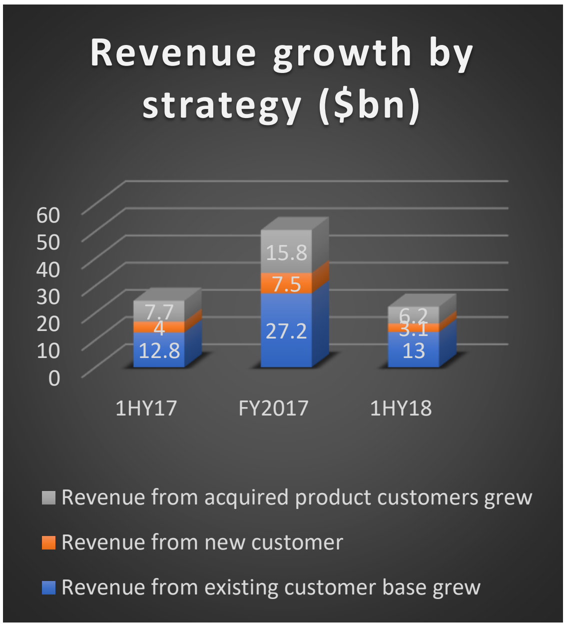


Source: Aitch Investment

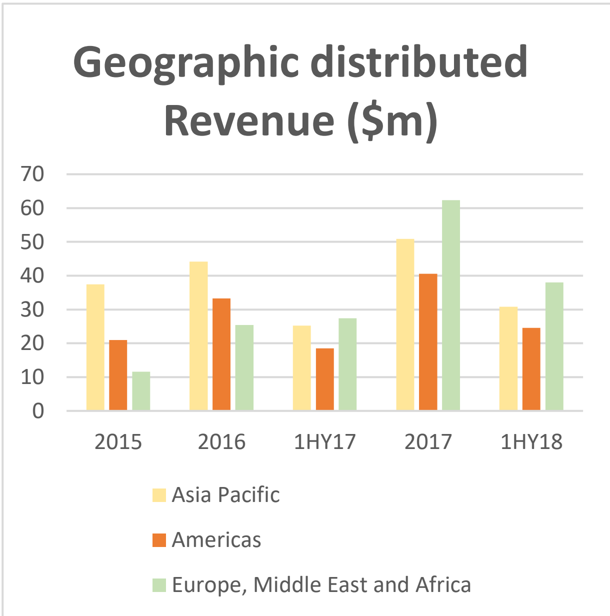


Source: Aitch Investment

After deep investigation on revenue growth from 1HY17, FY17 and 1HY18, it is clear that more than half of the revenue growth is generated through expanding existing customer base, followed by expanding through acquisition. Based on the geographic information, revenue generated in Asia Pacific rises slightly during the last three years, around $ 40 to $ 50 million per year. However, it could be seen that revenue from Europe, Middle East and Africa increases sharply, especially in FY17, reaching more than $ 60 million, which was three time higher than that in FY16.



Source: Aitch Investment



Source: Aitch Investment

7.2 Cash position

WiseTech Global has been in a good cash position in recent years. Company got $ 90.6 and $ 80.2 million of net current asset in FY16 and FY17 and more than $ 100 million cash and cash equivalent on hand in both two years. The current ratio was 2.89 in FY17, relatively lower than FY16 3.49. Moreover, the debt-equity ratio is significantly slow for WiseTech, only 5% in FY17, which represents WTC only has small proportion of debt financing relatively to its equity and indicates the company is less risky and more liquidity.

	2015		2016	1HY17		2017	1HY18
Current ratio	2.12		3.49	3.12		2.89	1.75
Quick ratio	2.05		3.39	3.04		2.76	1.66
Net current asset ($000)	28,533		90,617	92,947		80,184	38,143
Debt/Equity	48%		6%	5%		5%	29%
Debt/Asset	48%		20%	22%		23%	35%
Equity/Asset	52%		80%	78%		77%	65%
Net Cash and Cash equivalents ($000)	43,155		109,527	114,721		101,603	60,248

8. Forecasting

Using historic financial data from 2013 to 2017, the future forecasting is estimated based on a stable compound annual growth rate (CAGR) for WiseTech Global from 2018 to 2020. There are three steps before finalised the forecasting:

Firstly, is to confirm the CAGR for the next years. Considering both WiseTech and its competitors, Oracle, Aconex and SAP, the average growth rate could be 38%, 6%, 28.34% and 8.82% respectively. Because of the mature business in Oracle and SAP, the growth rates are not as high as WiseTech and Aconex. However, Aconex, considering as the strongest competitor of WTC, is also in a rapid growth phrase with a relatively high growth rate. Therefore, based on estimation, the CAGR of 35% is used to calculate future total revenue from 2018 to 2020.

Secondly, each accounting item before operating income on Income Statement could be interpreted as an average percentage of total revenue (Revenue as 100%), then use each percentage multiplies the estimated future revenue each year as the total money amount, in order to get the cost of revenue, gross profit, operating expense and EBIT.

At last, 30% of tax should be subtracted from EBIT to get net income for the year.

After estimating the future financial position for the next three years, basic EPS could be measured as Net Income for the year divided by weighted average outstanding shares. The estimated EPS could be $ 8.83, 11.92 and 16.09 cents in 2018, 2019 and 2020.

CAGR=35%									
$M	2013	2014	2015	2016	2017		2018*	2019*	2020*
Recurring monthly and annual software usage revenue	37	54	67.3	101.2	142.4	94%	194.7	262.8	354.8
OTL and support service	6	3	2.7	1.6	11.4	6%	13.0	17.5	23.6
Revenue	**43**	**57**	**70.0**	**102.8**	**153.8**	100%	**207.6**	**280.3**	**378.4**
Cost of revenues	(8)	(9)	(11.4)	(15.4)	(26.1)	(16%)	(33.7)	(45.5)	(61.4)
Gross profit	**35**	**48**	**58.6**	**87.4**	**127.7**	84%	**173.9**	**234.8**	**317.0**
Product design and development	(16)	(17)	(19.6)	(30.4)	(35.6)	(30%)	(61.4)	(82.9)	(111.9)
Sales and marketing	(8)	(9)	(11.7)	(22.8)	(16.7)	(17%)	(35.2)	(47.5)	(64.1)
General and administration	(6)	(8)	(12.9)	(29.5)	(33.9)	(19%)	(40.4)	(54.6)	(73.7)
Total operating expenses	**(30)**	**(34)**	**(44.2)**	**(82.8)**	**(86.2)**	(66%)	**(137.0)**	**(184.9)**	**(249.7)**
Operating profit (EBIT)	**5**	**14**	**14.4**	**4.6**	**41.5**		**36.9**	**49.9**	**67.3**
Finance income	0	0	1.0	1.3	2.7				
Finance costs	(1)	(1)	(0.9)	(2.5)	(0.1)				
Net finance (costs)/income	**-**	**-**	**0.0**	**(1.3)**	**2.6**				
Share of profit of equity accounted investees, net of tax	**-**	**-**	0.0	-	(0.1)				
Profit before income tax	**5**	**14**	**14.5**	**3.5**	**44.2**		**36.9**	**49.9**	**67.3**
Income tax expense	(1)	(4)	(4.4)	(1.3)	(12.0)	30%	(11.1)	(15.0)	(20.2)
Net profit for the year (NPAT)	**4**	**10**	**10.1**	**2.2**	**32.2**		**25.9**	**34.9**	**47.1**
				Weighted average outstanding shares			292,953,647		
				Basic EPS* (Cents)			8.83	11.92	16.09

Appendix

1. WTC Income Statement

$M	2013	2014	2015	2016	2017	1HY16	1HY17	1HY18
Recuring monthly and annual software usage revenue	37	54	67.3	101.2	142.4	47.6	66.2	87.5
OTL and support service	6	3	2.7	1.6	11.4	1.0	4.9	5.8
Revenue	**43**	**57**	**70.0**	**102.8**	**153.8**	**48.6**	**71.1**	**93.4**
Cost of revenues	(8)	(9)	(11.4)	(15.4)	(26.1)	(7.1)	(11.6)	(16.1)
Gross profit	**35**	**48**	**58.6**	**87.4**	**127.7**	**41.5**	**59.5**	**77.2**
Product design and development	(16)	(17)	(19.6)	(30.4)	(35.6)	(14.1)	(17.9)	(22.8)
Sales and marketing	(8)	(9)	(11.7)	(22.8)	(16.7)	(8.3)	(7.5)	(11.3)
General and administration	(6)	(8)	(12.9)	(29.5)	(33.9)	(12.8)	(16.2)	(20.7)
Total operating expenses	**(30)**	**(34)**	**(44.2)**	**(82.8)**	**(86.2)**	**(35.2)**	**(41.6)**	**(54.7)**
Operating profit (EBIT)	**5**	**14**	**14.4**	**4.6**	**41.5**	**6.3**	**17.9**	**22.5**
Finance income	0	0	1.0	1.3	2.7			
Finance costs	(1)	(1)	(0.9)	(2.5)	(0.1)	-		
Net finance (costs)/income	-	-	**0.0**	**(1.3)**	**2.6**	**(0.4)**	**1.9**	**(0.2)**
Share of profit of equity accounted investees, net of tax	-	-	0.0	-	(0.1)	-	-	-
Profit before income tax	**5**	**14**	**14.5**	**3.5**	**44.2**	**5.9**	**19.8**	**22.3**
Income tax expense	(1)	(4)	(4.4)	(1.3)	(12.0)	(2.8)	(5.4)	(6.8)
Net profit for the year (NPAT)	**4**	**10**	**10.1**	**2.2**	**32.2**	**3.1**	**14.4**	**15.5**

2. Ratio analysis

	2013	2014	2015	1HY16	2016	1HY17	2017	1HY18
Recurring Revenue	87%	95%	96%	98%	98%	93%	93%	94%
Gross profit margin	82%	85%	84%	85%	85%	84%	83%	83%
product design and development expense as % of total revenue	37%	30%	28%	29%	30%	25%	23%	24%
Sales and marketing expenses as % of total revenue	19%	16%	17%	17%	22%	11%	11%	12%
General and administration expenses as % of total revenue	14%	14%	18%	26%	29%	23%	22%	22%

Basic EPS (cents)	4.17	1.23	0.83	4.93	10.99	5.31
Diluted EPS (cents)	4.16	1.21	0.83	4.93	10.98	5.31
Dividend paid (cents)				1.00	1.20	1.05

$m	2013	2014	2015	2016	2017		1HY16	1HY17	1HY18
EBIT-operating income	**5**	**14**	**14.4**	**4.6**	**41.5**		**6.3**	**17.9**	**22.5**
EBIT Growth		**169%**	**3%**	**-68%**	**795%**			**184%**	**26%**
Operating profit (EBIT)	**5**	**14**	**14.4**	**4.6**	**41.5**		**3.1**	**14.4**	**15.5**
Depreciation		2.288	4.528	4.549	4.549				
Amortization		4.45	6.666	7.85	7.85				
EBITDA	4	21	26	17	54	EBITDA= EBIT+D+A			
EBITDA Growth		418%	23%	-33%	216%				
Revenue	**43**	**57**	**70.0**	**102.8**	**153.8**		**48.6**	**71.1**	**93.4**
Revenue Growth		32%	23%	47%	50%			46%	31%
Recurring Revenue growth		44%	25%	50%	41%			39%	32%
Gross Profit Margin	82%	85%	84%	85%	83%		85%	84%	83%

Product design and development as % of total revenue	37%	30%	28%	30%	23%		29%	25%	24%
Sales and marketing as % of total revenue	19%	16%	17%	22%	11%		17%	11%	12%
EBIT Growth		169%	3%	-68%	795%				
EBITDA Growth		418%	23%	-33%	216%				
EBITDA Margin (EBITDA/Total Revenue)	9%	37%	37%	17%	35%				
Asset (000)			140,659	245,779	276,226			272,489	347,840
Equity (000)			73,007	196,176	213,258			213,762	226,264
Profitability									
ROA			7.1%	0.9%	11.7%			5.3%	4.5%
ROE			13.8%	1.1%	15.1%			6.7%	6.9%

3. Top 20 Shareholders

	Name	Number of shares	% of issued capital
1	RealWise Holdings Pty Ltd	142,557,470	49.02
2	J P Morgan Nominees Australia Limited	24,468,840	8.41
3	Fabemu No 2 Pty Ltd ABN 67 003 954 070	20,214,297	6.95
4	Richard John White	17,408,602	5.99
5	HSBC Custody Nominees (Australia) Limited	14,852,480	5.11
6	MSG Holdings Pty Ltd	9,631,018	3.31
7	Citicorp Nominees Pty Limited	7,116,141	2.45
8	Merrill Lynch (Australia) Nominees Pty Limited	7,064,218	2.43
9	Michael John Gregg & Suzanne Jane Gregg	6,521,273	2.24
10	National Nominees Limited	3,098,465	1.07
11	Mycroft Investments Pty Ltd	1,800,000	0.62
12	Mr William Leigh Porter	1,606,806	0.55
13	Leon Haddon Ball	1,450,803	0.50
14	BNP Paribas Noms Pty Ltd	1,228,688	0.42
15	CS Third Nominees Pty Limited	1,000,000	0.34
16	Milner Assets Pty Limited	747,462	0.26
17	Pacific Custodians Pty Limited	719,275	0.25
18	One Managed Investment Funds Limited	686,776	0.24
19	BNP Paribas Nominees Pty Ltd	661,786	0.23
20	Peter Joseph Willis	643,485	0.22
	Total	**263,477,885**	**90.60**