



Market darling WiseTech wobbles but holds firm despite recent attack

Company/ASX Code	WiseTech Global Limited/ WTC
AGM date	Tuesday 19 November 2019
Time and location	10am The Hilton Hotel, George Street, Sydney
Registry	Link Market Services
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Mary Curran assisted by Pamela Murray-Jones
Pre AGM Meeting?	Yes, with Chair Andrew Harrison and Chief Growth Officer Gail Williamson

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

WiseTech provides software solutions to the logistics industry. Known as part of the Australian WAAAX group (WiseTech, Altium, Appen, Afterpay and Xero) it has a global outlook with over 1,200 customers across approximately 150 countries. The flagship product, Cargowise One, executes over 54 billion data transactions annually.

This is the first time ASA has monitored the company which has had a stellar rise since listing in April 2016, growing both organically and through acquisition. From an opening price of \$3.35, its share price has risen to \$26.70 at the time of writing. The group has added 241.6 points to the ASX/S&P index over the past year alone and its share price increased by 51% in the same period.

Given this, it is not unusual that it has recently come to the attention of the media, analysts and short sellers. On 17 October, without warning, a report was released to the market by J Capital (a US based organisation) purporting financial impropriety and irregularity on the part of the company. This caused a drop in the share price and unusual trading in the market. WiseTech requested a halt to trading while it received a copy of the report and responded to it, which it did within 24 hours, refuting the claims. However, J Capital launched a further attack on 21 October. The gist of both reports was that WiseTech had inflated their growth figures and revenue. Significantly, J Capital disclosed it would significantly benefit from a fall in the share price.

WiseTech's response to both reports can be found on its website

<https://ir.wisetechglobal.com/investors/>

and this matter was also discussed at the pre-AGM meeting as a matter of concern to shareholders troubled by the allegations. The response from the company was that they acknowledge the right to differing opinions, "but we are concerned about the deliberate

distribution of misinformation that has the potential to damage shareholder value and the integrity of investment markets.”

Key Events

- There was a fully underwritten \$300 million capital raising in March 2019 followed by a SPP raising an additional \$35.9 million where retail shareholders were not scaled back and allocated up to \$15,000 per shareholder at a price of \$20.90.
- Christine Holman resigned as a director on 18 October and has not yet been replaced. Chair, Andrew Harrison was unwilling to provide an explanation for her resignation at the pre-AGM meeting but confirmed that Ms Holman had given notice of her intention some time before and it was not connected with J Capital’s report. Ms Holman increased her holding to 8,717 shares on 26 August and still held these shares at the time of her resignation.

Senior Management Changes

The company continues to be led by its founders Richard White and Maree Isaacs. Brett Shearer was appointed Chief Technology Officer and became a KMP (key management personnel) on 1 April 2018.

Governance and culture

WiseTech has a culture of diversity and inclusion.

It has a global workforce. Australia represents the largest region at 35%, with a range of age and ethnicity. The company mantras include “slower today, faster forever”, “anyone can speak to anyone at any time for any reason” and “bold ideas build bold products”. Prior to listing, the company offered existing staff shares at no cost and it now has an Invest as You Earn Program which provides employees with the opportunity to purchase shares through monthly deductions from their salaries.

There is an executive KMP shareholder ownership policy, the requirement being a minimum of 100% of fixed remuneration within five years of appointment. To facilitate employee equity awards, the board prefers to issue new capital, (to a maximum of 1% of issued share capital in any 12-month period) while reserving the right to buy shares on market and off market where appropriate. No shares were purchased on market during the 2019 financial year (FY19).

33% of employees overall, 22% of senior management and 33% of the Board are female and this figure was 43% until the resignation of Christine Holman. While the Board has said it is not necessarily seeking another woman director, they would be happy to have another female director.

Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT* (\$m)	54.1	40.8	31.9	2.2	10.1
UPAT (\$m)	n/a	n/a	n/a	n/a	n/a
Share price (\$)	\$27.71	\$15.66	\$6.92	\$4.43	n/a
Dividend ** (cents)	3.15	2.25	1.0	1.51	0.84
TSR (%)	77.1%	126.6%	56.4%	32.2%***	
EPS (cents)	17.7	13.9	10.9	0.8	4.2
CEO total actual remuneration	\$1m	\$1m	\$1m	\$1m	

*NPAT = NPAT attributable to equity holders of the parent

** dividends paid during the financial year

*** Total shareholder return (TSR) for the period 11 April 2016 to 30 June 2016, based on the IPO price of \$3.35. Dividends paid in FY16 were paid before the IPO and therefore excluded from the TSR calculation.

For 2019 the CEO's total actual remuneration was **11.35** times the Australian Full time Adult Average Weekly Total Earnings (based on May 2019 data from the Australian Bureau of Statistics).

The company exceeded its forecasts and reported a 57% increase in revenue to \$348.3 million and has joined the ASX 100. Since listing, the share price has increased by almost 700%. The business has grown both by acquisition and organic growth. During the year, it acquired 15 businesses, including Depot Systems and Containerchain. CargoWise has 99% recurring revenue.

Item 2	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

The WiseTech Remuneration Report is very comprehensive and overall meets ASA guidelines. Actual remuneration is clearly disclosed and includes a column showing equity. The methodology for incentives is based on outperformance of the ASX 200.

In FY19, Founder and CEO, Richard White, was remunerated solely with fixed pay as WTC believes that his significant equity holdings of in excess of 142.5m shares provide adequate motivation and alignment with other shareholders. His base pay (fixed annual pay) is \$1,000,000 which is well in line with industry.

Maree Issacs, a co-founder, receives a fixed base pay of \$350,000 and a performance incentive package of up to 43% of fixed annual salary which is in cash. Her FY19 total remuneration was

\$520,00. Given she holds more than 11.6million shares, the company believes this provides adequate alignment with other shareholders.

CFO Andrew Cartledge was awarded a total of \$1,337,500 and CTO Brett Shearer \$686,971 including incentives in equity. Both these KMPs own more than one year's fixed remuneration in equity.

Last year there was a 99.9% vote for the remuneration report.

Item 3	Re-election of Michael Gregg as a Director
ASA Vote	For

Summary of ASA Position

Mr Gregg was first appointed to the Board in 2006 so it is doubtful he can now be considered truly independent given his length of tenure. However, this does not necessarily exclude a well-qualified director from re-election as a non-executive director so long as he/she can demonstrate independence of mind.

This matter was explored during the pre-AGM meeting with the Chair explaining the criteria he used for independence of mind including the diverse interests Mr Gregg has, and his willingness to challenge and engage in robust debate.

ASA requested Mr Gregg speak at the AGM and address questions from shareholders.

The individual(s) (or their associates) involved in the preparation of this voting intention have shareholdings in this company.

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