

Eclix Group Limited
Chief Executive Officer and Managing Director's AGM Address
22 February 2018

I am delighted to update our shareholders on a very successful year in 2017 as well as provide an update on our progress in 2018.

I would like to make special mention and thank the nearly 1,400 people that are the heart and soul of Eclix. It is our people that are the reason for our success. Put simply, without their hard work and expertise, the results we delivered would not have been possible. Each team member should be very proud of his or her contribution towards delivering an outstanding performance in 2017.

I would also like to thank our Board. Our Board's support and engagement has been instrumental in enabling the execution of our strategy and the evolution of Eclix.

On behalf of the Management team, I would like to also welcome Ms Linda Jenkinson on to our Board. Linda brings a wealth of experience and we are fortunate to have someone of her caliber join us on the Eclix journey.

I think it is worth spending a minute reflecting on the evolution of Eclix. This slide highlights how the Group has diversified from a 100% fleet management and leasing business in 2014 to where we are today – a diversified financial services and asset management business with a number of unique and compelling adjacencies.

While we can celebrate the success of the past three years since listing, it is our future that is most exciting. At Eclix, we aspire to be more than just a financier and fleet manager. Our objective is to establish a suite of tailored financial products and services that leverage technology to communicate and seamlessly deliver exceptional value to our customers. We believe we are uniquely positioned to achieve this objective.

Our core capabilities are at the heart of everything we do and they are key to our continued growth. Around these capabilities, we have built a strong suite of businesses that seek to generate enhanced value throughout the customer and asset lifecycle.

We are successful because we have:

1. Recruited the very best people with proven expertise in their field.
2. A genuine desire to be the best at serving our customers and giving those customers access to the products and services they need and want.
3. An ability to develop and use technology and data to manage our own and our clients' risk, protect and grow our existing businesses and also build new ones; and
4. We have a balance sheet and funding platform that is large enough and flexible enough to support our growth as well as supporting the needs of our customers.

Key Achievements and Growth Drivers

Our Chairman mentioned the strong performance of the Group during 2017. In summary, some of our key achievements growth drivers are:

- Our core Australian fleet business has outperformed the market. We continue to add new customers and grow our share with existing customers, which will underpin receivables and revenue growth in years to come.
- Our proprietary “Big Data” vehicle platform and our expanded distribution channels, provide us with unique insights into the motor vehicle market. This enables Eclipx to set appropriate residuals on vehicles and place them at end of lease in locations where sale prices can be maximised.
- The acquisition of Grays provides further channel diversification for vehicle disposal and has also resulted in increased selling prices on heavy vehicles. Our diversified distribution strategy has allowed us to continue to grow our end of lease income on a total and per vehicle basis.
- In FY17, Right2Drive increased its footprint to 30 branches and the number of vehicle hires to more than 33,000.
- We have undertaken improvements to the Grays user experience and have begun to offer finance to Grays small business customers.
- Through our Georgie car buying service, we are utilising the scale of our fleet businesses to deliver significant car buying savings to consumers; and
- We recently launched a Commercial Equipment Finance business in New Zealand. This business is designed to leverage our existing expertise and fleet market position targeting the large, under-served New Zealand SME segment. We believe the NZ SME Commercial and Vehicle Operating leasing opportunity to be significant and a focus for us in 2018 and beyond.

Acquisition of GraysOnline

In August 2017, Eclipx completed the acquisition of Grays eCommerce Group Limited, Australia's leading online marketplace for the auctioning of vehicles, plant and equipment.

The rationale for this acquisition was simple; Eclipx wants to be connected to, and profit from the customer journey on a motor vehicle or commercial equipment throughout its lifecycle, from sourcing, financing, ancillary services, all the way to asset sale, and re-sale.

Since acquiring Grays, we are pleased to report that we have:

- Largely completed the cost rationalisation program we initiated immediately post acquisition.
- Successfully integrated the Grays corporate functions within the Eclipx head office; and
- Exited the loss-making retail categories.

As we continue to upgrade the Grays infrastructure and improve the user experience, we are extremely confident that Grays will not only be a strong contributor of Eclipx earnings in its own right but will also add important distribution channels and cross sell opportunities to all our brands.

Grays remains on track to deliver on its guidance of \$23-25m EBITDA (NPATA \$14.0-\$15.4m) in FY18.

I would now like to briefly provide a snapshot of the performance of each of our segments during FY17.

- Our Australian Commercial segment continued to grow its share of the Australian fleet market as well as assets under management and earnings. At the conclusion of 2017, we had over 54,000 vehicles under management and earnings of over \$40.0m, up 10% vs. 2016.

- For New Zealand Commercial, whilst the uncertainty associated with the New Zealand election and results created some indecision in late FY17, we nevertheless experienced 10% growth in earnings. That market has largely rebounded in 2018.
- As previously mentioned, our New Zealand Commercial Equipment Finance business is an exciting adjacency to our market leading fleet business and enables us to cross sell other finance solutions into the under-served New Zealand SME segment.
- Right2Drive delivered its first full year of results and achieved the upper end of guidance we gave the market at the time of acquisition in 2016.
- In the 6 weeks that we owned Grays in 2017, we made substantial inroads into rationalising the cost base of the business and exiting loss making retail categories. Most pleasing was that while the aforementioned changes occurred, strong continuity in auction activity and business performance was seen in the Grays business overall.
- Our Consumer segment continued its strong growth. New business writings were up 16% in 2017 and we made great strides in improving both our lead buying and lead conversion efficiency.

Balance Sheet and Funding Platform

Central to our success is a balance sheet and flexible funding platform. It has always been our strategy that our funding platform delivers certainty to shareholders and customers, as well as capital efficiency and earnings predictability.

Our treasury expertise enabled us to access the term Asset Backed Securitisation (ABS) market on 3 occasions during 2017, this resulted in a broadening of our investor base and reduced funding costs.

Eclix has successfully re-positioned its funding to mitigate the changes from APRA APS 120 in 2018 by refinancing all non-AAA notes from the major trading banks to non-bank financiers. We also continue to hedge our interest rate risk in our back book and across all of our new business writings.

With our extensive principal and agency agreements, undrawn committed facilities, cash and corporate debt facility Eclix has the most diverse, competitive and scalable funding platform in the market.

Update and Outlook

2018 has started well for Eclix. We recently augmented our Georgie car buying service by acquiring a used car buying platform, Car Buyers Australia (<https://www.areyouselling.com.au>). Car Buyers provides an additional trade-in option for customers and expands the Grays vehicle sourcing footprint.

At the time of our full year results, we gave guidance that the strong earnings momentum we experienced in FY17 was expected to continue in FY18. We reaffirm the FY18 guidance provided last November and are targeting NPATA growth of 27-30% in FY18 representing EPS growth of between 10% and 12%.

As advised previously, we would like to provide a reminder that seasonality of Grays and Right2Drive will skew earnings more to the second half.

In closing, on behalf of the entire Eclix team, I would like to once again thank you, our shareholders for your continued support.

Doc Klotz
Chief Executive Officer and Managing Director