Eclipx Group

Simplification and strategy update

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Jason Muhs—Acting Chief Financial Officer

24 September 2019

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Agenda

1. Simplification

Simplification—implementation progressing ahead of plan

Priorities		Comment
1	Non-core businesses	Divestment program progressing
2	Balance sheet	Strengthened position and headroom
3	Cost optimisation	45% Group cost-to-income target by exit FY21[1]
4	Executive renewal	Team aligned to deliver long term performance
5	Refocus the Core	Disciplined capital allocation and growth pathway

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Note
1. Cost to income ratio at exit run-rate FY21. Cost to income measured as the ratio of group expenses (pre share based payments expense) to net operating income post EOL. Share based payments expense being a non-cash accounting item booked in the income statement based on fair value. The change reflects replacement of cash based incentives with equity remuneration to align executives with shareholders over a longer period

Simplification—implementation progressing ahead of plan

	1H FY19 (March)	CURRENT	STEADY STATE *(Targets)*
1. NON-CORE BUSINESSES	*CORE*: FleetPartners, fleetplus, FleetChoice, eclipx GROUP *NON-CORE*: graysonline.com, are you selling.com.au, eclipx COMMERCIAL, CarLoans.com.au GET A BETTER CAR, Right2Drive	*CORE*: FleetPartners, fleetplus, FleetChoice, eclipx GROUP *EXITED*: graysonline.com, are you selling.com.au, eclipx COMMERCIAL *UNDER REVIEW*: CarLoans.com.au GET A BETTER CAR, Right2Drive	FleetPartners, fleetplus, FleetChoice *BRAND CONSOLIDATION UNDER CONSIDERATION*
2. BALANCE SHEET	• Tight corporate covenants • Warehouses lacked capacity • No ABS for c.18 months	• Corporate debt amended and extended • Warehouses extended • NZ ABS transaction placed	• Gross debt <$175m • Warehouse capacity for growth • Regular ABS issuance
3. COST OPTIMISATION	76.3% Cost to Income (Group 1H19)	• Cost optimisation plan developed • Clear execution pathway over FY20 and FY21	45% Cost to Income[1] (Group FY21 exit)
4. REFOCUS THE CORE	• Corporate distraction • Lacked focus from group	• Prioritisation of capital allocation • Targeted reduction in lower margin products • Retained key personnel and executive renewal	• Disciplined capital allocation • Risk adj. return on capital • Broadening market for growth (including mid market and SME)

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Note
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1. Non-core business divestment program progressing ahead of plan

IDENTIFIED NON-CORE BUSINESS *(May 2019)*	DIVESTED?	COMMENTARY
graysonline.com	✓	Sold in July 2019[1]
are you selling.com.au	✓	Sold in July 2019[1]
eclipx COMMERCIAL	✓	Sold in September 2019
Right2Drive	Non-core	• Ring-fenced and readily separable • Restructure has commenced • Processes enhanced • Intensely focused on collections of the debtor book
CarLoans.com.au GET A BETTER CAR	Non-core	Prepared for separation

Note
1. As part of the Grays and AreYouSelling sale transaction (and as announced to ASX on 5 July 2019) Eclipx agreed to a Transitional Services Arrangement for a period of circa 12 months, which is expected to cost $1.6 million. This is temporary for FY20 only

2. Balance sheet—Strengthened position and headroom

	OBJECTIVES	COMPLETED	COMMENTARY
CORPORATE DEBT	Reset and reduced facilities[1,2] De-risked covenant position	✓ ✓	• Tailored structure to support simplification strategy • Extension of maturities • More flexible covenant headroom (testing quarterly from Dec-19) • Incentive and intention to reduce limits over time
WAREHOUSE EXTENSIONS	Extend existing facilities Expand capacity for growth	✓ ✓	• All warehouses for new origination have been extended • Provides headroom, certainty and capacity for growth • Support from all existing financiers (and new demand emerging)
ABS NEW ZEALAND	NZ ABS issuance (pre Dec-19)	✓	• ABS issuance of NZ$250m closed on 18 September 2019 • Second ever FleetPartners issuance in NZ and well priced • Independent validation of RV and credit risk strengths
IMPAIRMENT TESTING	Assess carrying values	☐	• Audit and Risk committee currently reviewing carrying values associated with intangibles, non-core and software for FY19
SIMPLIFICATION INITIATIVES	Capital focus	☐	• Suspending the dividend to support Simplification initiatives and strengthen balance sheet • Prioritising debt reduction until leverage ratio is below 2.0x

Notes
1. Credit approved terms sheet to amend its corporate debt facilities. Subject to final customary and procedural long form documentation, which is currently in progress
2. See Appendix A for further details

3. Cost optimisation – 45% group cost to income target by exit FY21[1,2]

INITIATIVE	TARGET	FY19	FY20	FY21	COMMENTS
		% exit run-rate phasing			
Senior management renewal	$2.3m	0%	80%	100%	• Senior management retention and renewal
Occupancy	$2.6m	50%	100%	100%	• Exit of offices at 1 O'Connell Street, Sydney, Vero Tower Auckland, consolidation of Richmond office
Simplified productivity	$6.3m	0%	50%	100%	• Productivity initiatives including process improvements and the removal of group stranded costs to reflect a more simplified operating structure
Group discipline	$3.8m	30%	70%	100%	• Reduction in complexity of group resulting in improved expense management, lower reliance on third party support, T&E discipline, and insurance reduction
Annualised exit run-rates	**$15m**	**$2.4m**	**$10.3m**	**$15m**	• Core and Group including stranded cost reduction
Right2Drive restructure	$5.0m	20%	50%	100%	• Restructuring of the Right2Drive, includes branch rationalization, improved third party legal framework and productivity improvements
Annualised exit run-rates based on FY19F[3] opex of ~$141m (excluding divested businesses)	**$20m**	**$3.4m**	**$12.8m**	**$20.0m**	• Core, Group and R2D including stranded costs
Cash costs to realise	**$10 – 15m**				• One-off cash costs to realise target savings

Notes
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2. This plan has been independently reviewed by a third party
3. This represents an estimate and subject to audit finalisation

4. Renewed executive team aligned to long term performance

Executive renewal since May 2019

JULIAN RUSSELL
Chief Executive Officer

- 20 years' experience in restructuring, M&A, advisory, capital markets and treasury management

BEVAN GUEST
Chief Commercial Officer

- 20 years' experience in the financial services and automotive industries including 10 years at Eclipx

JASON MUHS
Chief Financial Officer (Acting)

- 20 years experience in M&A, strategy, financial analysis across domestic and international financial institutions including 5 years at Eclipx

MALCOLM PASCOE
Chief Technology Officer

- 20 years' experience in IT business transformation across a range of global organisations and industries

RUSSELL WEBBER
Managing Director – New Zealand

- 18 years' experience in leasing and asset finance to New Zealand

JASON MCMILLAN
Managing Director, Right2Drive (Acting)

- 30+ years of collections management experience — well placed to lead the pivot of R2D "manage for capital and value"

JODI SAMPSON
Head of Human Resources (Acting)

- 15+ years in HR roles driving business transformation including organisational redesign and restructuring

EDWARD HO
Chief Risk Officer

- 35+ years in risk management across major domestic and international financial institutions including 5 years at Eclipx

MATTHEW SINNAMON
General Counsel

- 20 years' experience in corporate law, governance and M&A gained in private practice and in-house roles including 5 years at Eclipx

DAVID BRUDENELL
Managing Director, Consumer

- 15 years domestic and international management experience in online, data, retail and SME sectors

BENCH STRENGTH

- *Deep focus on customer, values, culture*
- *Ongoing bench strengthening*
- *Succession planning features in KPI*

ALIGNMENT

- *Replacement of all executive cash incentives with longer term equity performance rewards, fit for purpose, and focussed on driving long term performance for our shareholders*

GOVERNANCE

- *Executive Committee affiliated*
- *Active ALCO, Risk, Capital allocation, Cost (improvement) committees*

5. Refocus the Core—disciplined approach to capital allocation and targeted growth

PRIORITISATION OF RISK AND CAPITAL ALLOCATION

- Focus on optimising yield and risk return for credit risk exposures
- Enhance capital allocation decisioning for new business between P&A and warehousing

REDUCTION OR CESSATION OF CERTAIN BUSINESS LINES

- Assessment of risk and return for certain balance sheet "panel" business, and profitability in some 'fleet managed'

ALIGNED SALE DISTRIBUTION INCENTIVES

- Alignment of distribution incentives with shareholder returns

MARGIN	CUSTOMER	IMPLIED CREDIT RATING	CAPITAL EFFICIENT FOR GROUP BALANCE SHEET?		RISK ALLOCATION	DECISION DEPENDENCY
+	Government	AA-AAA	No	P&A fund	Bank	Bank funds capital on low RWA exposures more efficiently
++ +++	Corporates Mid-market & SME	Investment grade to Unrated	Decision	Case dependent	ECX warehouse Bank	Bank P&A versus ECX warehouse margin to determine optimal return on capital and portfolio mix

2. Core business update

Core business update

1	Beyond Simplification, we are evolving our platform to broaden our market opportunity
2	Performance remained resilient and stable through the period
3	Continued targeted reduction in lower margin businesses “managed” and “panel”
4	Novated expanded ~12% pcp, with ~30% relativity to new car sales[1]
5	Maintaining market share in fully maintained operating and expanding novated

Notes
1. ECX novated unit sales relative to new car sales rebased to June 2018

Core strategic priorities

FY20+ PRIORITIES—EVOLVE TO BROADEN MARKET OPPORTUNITY

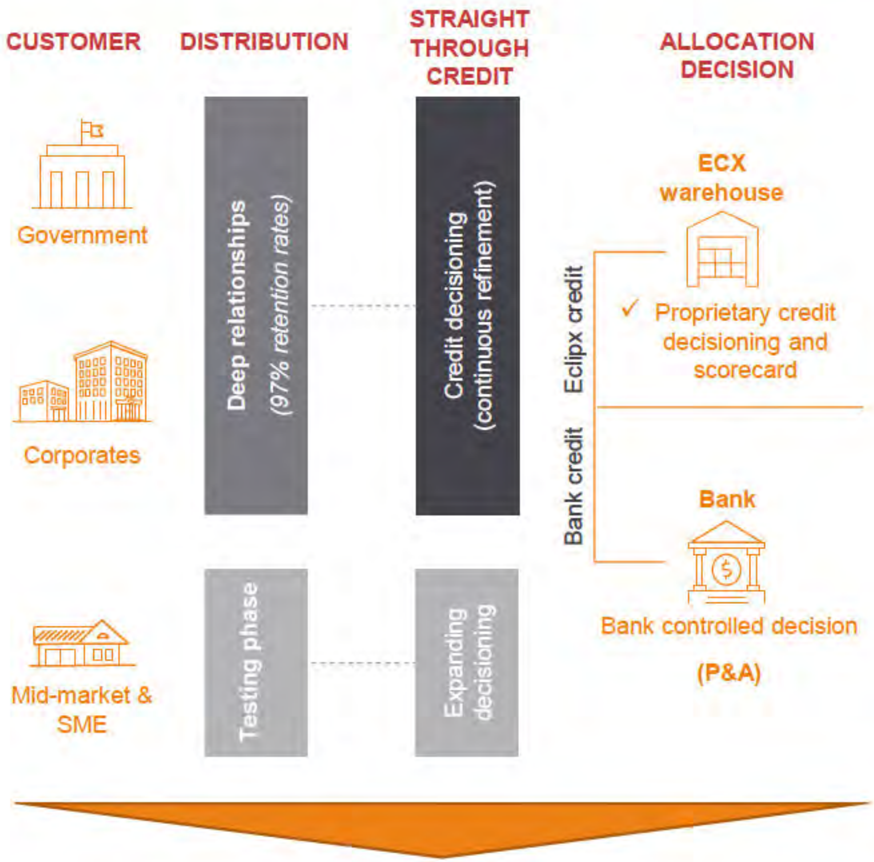
Capital allocation
- Prioritise risk and capital allocation
- Reduction and cessation of low margin businesses

Prioritise
- Focus on novated using our unique treasury model
- Market penetration by distinguishing competencies

Refine
- Straight through processing of credit and treasury to process larger volumes of smaller sized fleet customers
- Refinement of UX and go-to-market products

Target market
- Existing Corporate market and unpenetrated novated
- Profitable under-represented mid-markets and smaller fleets

POSITIONING TO WIN IN UNDER-REPRESENTED MARKETS



- ✓ Unique insights from 32 years of underwriting experience
- ✓ Flexibility over target customer and market, size of fleets, industry type within risk tolerance and scorecard

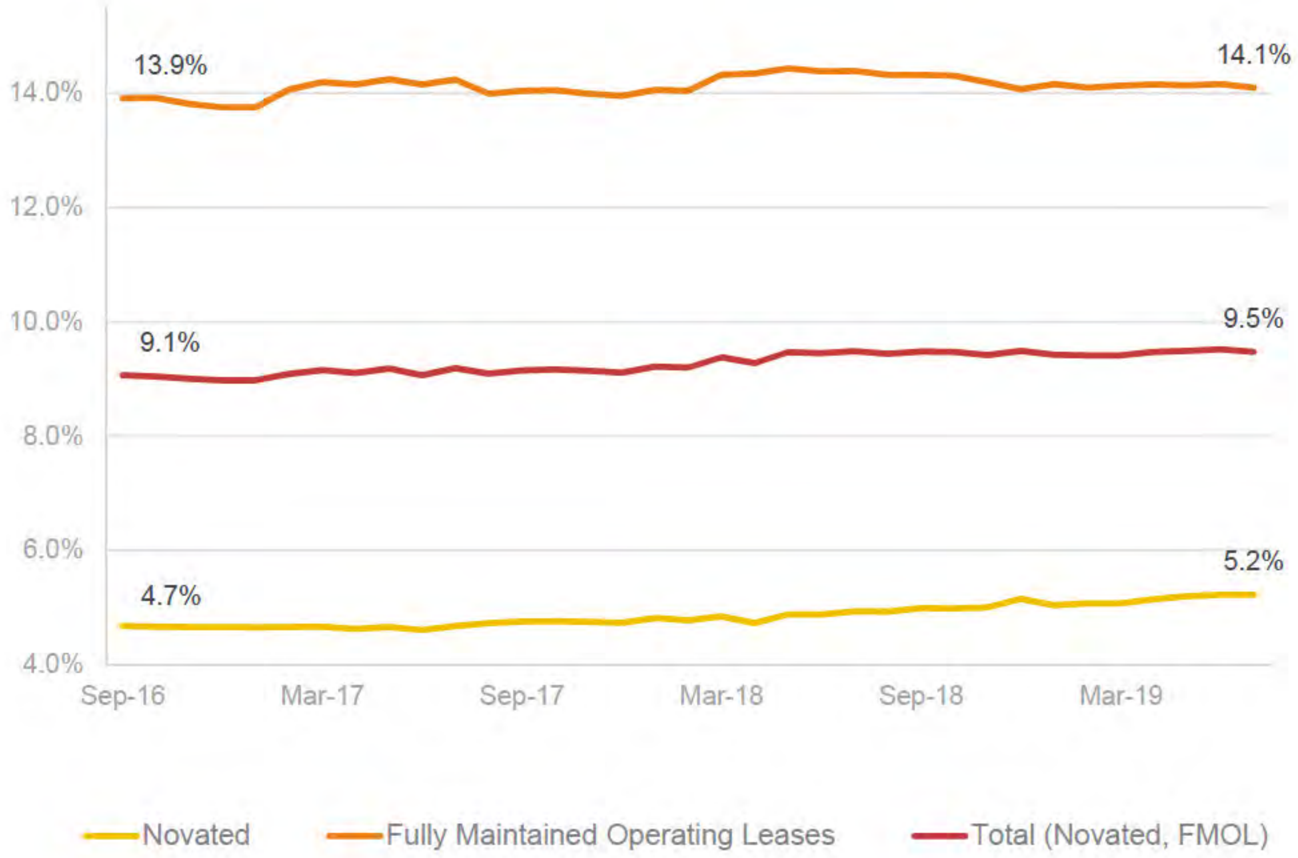
The fleet platform has strong foundations for growth

1	High quality customer base	High quality credits across Australia and New Zealand
2	Market leading service proposition	NPS score of 54, up from 38 at 1H19[1]
3	Strong customer retention rates	97% annualised retention rates[2] over the last three years (before new wins)
4	Low credit losses	Majority of half-year vintage loss curves being less than 0.5% of net receivables
5	Target market and product flexibility	Warehousing allows for target market and product flexibility
6	Relative origination certainty	Origination volume into committed warehouse facilities within our risk tolerance (lower reliance on P&A banks)
7	Program issuer	Proven ability to securitise and access lower cost funding in Australia and New Zealand via a global debt investor pool
8	Earnings predictability	Balance sheet funding provides revenue recognition throughout the life of a lease delivering improved earnings quality and predictability
9	Residual Value setting	Residual values reviewed monthly against multiple data sources in the market—developed over 32 years of experience

Notes:
1. Reflects Fleet/Novated NPS (AU/NZ) over last 90 days rolling average
2. Based on customers with a fleet size greater than 20 vehicles

Maintaining market share in operating and expanding novated

FLEET AUSTRALIA PORTFOLIO MARKET SHARE OF AFIA REPORTING ENTITIES [1,2]



OBSERVATIONS

- Fleet platform has a stable, leading market share
- Platform expansion opportunities from combining highly enabled sales, relationships, customer experiences, risk management and treasury capabilities
- Seeking to increase position in growing Novated market

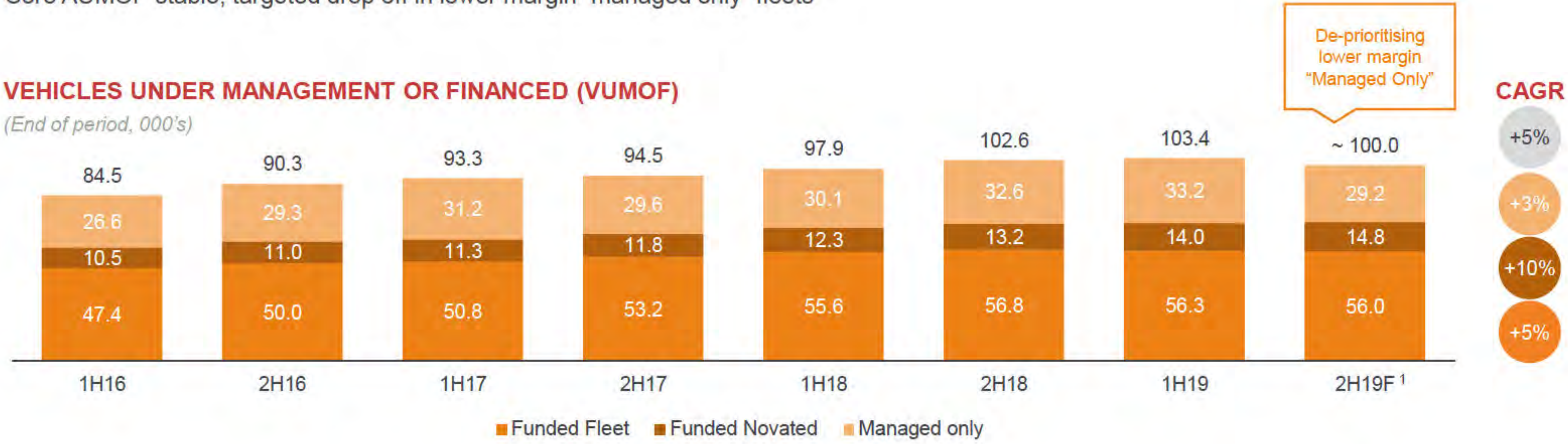
Notes
1. Total Novated and Fully Maintained Operating Lease (FMOL) statistics from AFIA, excludes minor products
2. In the AFIA statistics, Fully Maintained Operating Leases are described as Operating Lease - Other

Core business is stable

Core AUMOF stable, targeted drop off in lower margin "managed only" fleets

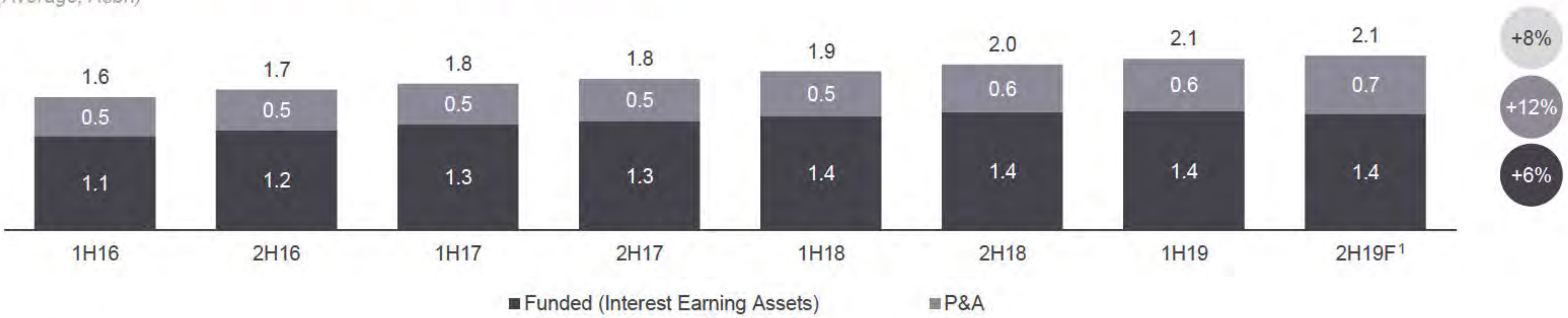
VEHICLES UNDER MANAGEMENT OR FINANCED (VUMOF)

(End of period, 000's)



ASSETS UNDER MANAGEMENT OR FINANCED (AUMOF)

(Average, A$bn)



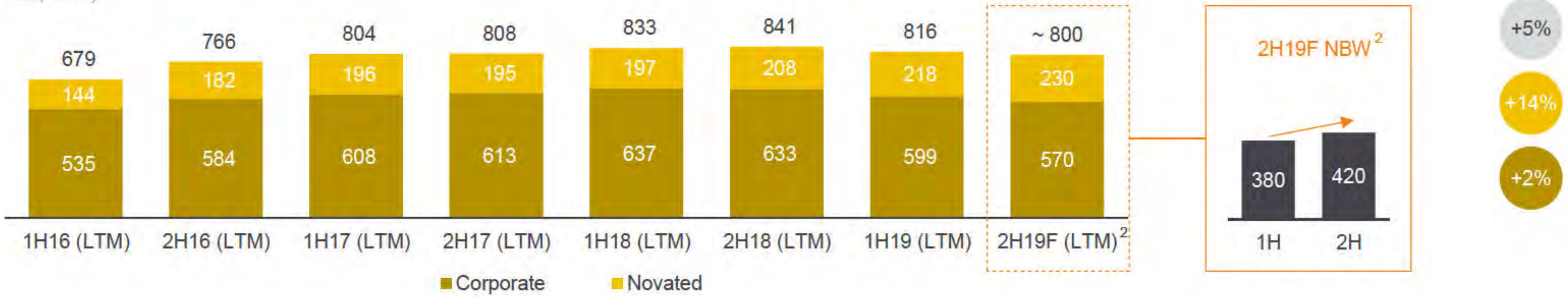
Notes:
1. This represents an estimate and subject to audit finalisation

Core business is stable

Better half on half growth in our core New Business Writings, notwithstanding a targeted de-prioritisation of lower margin "panel" business

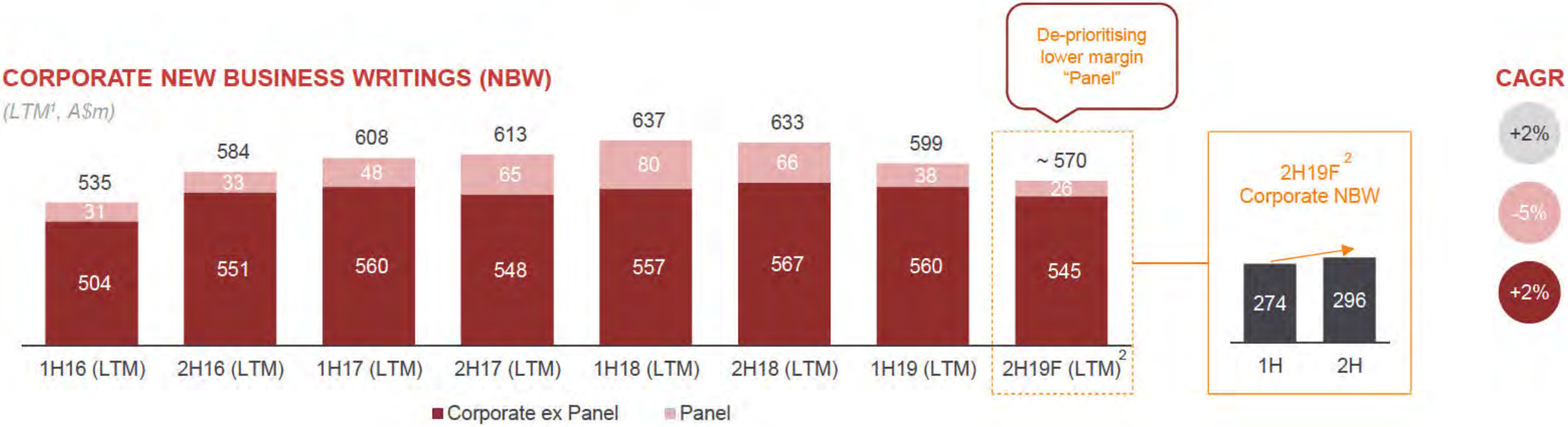
NEW BUSINESS WRITINGS (NBW)

(LTM[1], A$m)



CORPORATE NEW BUSINESS WRITINGS (NBW)

(LTM[1], A$m)



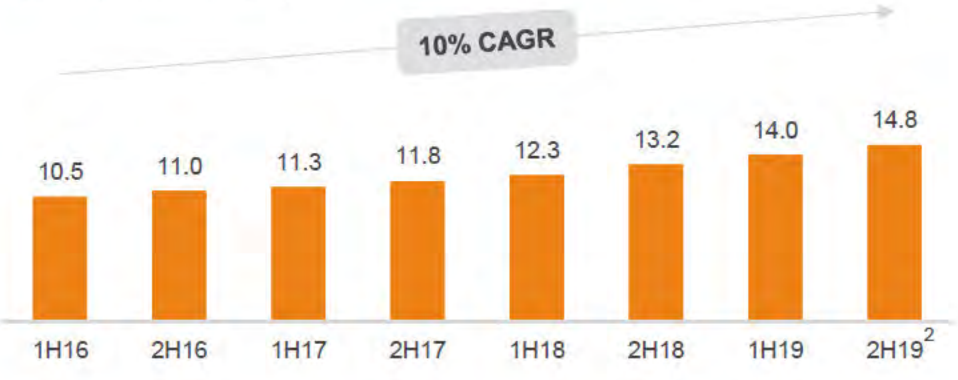
Notes:
1. LTM or "last twelve months" represents the relevant half year plus the prior half year
2. This represents an estimate and subject to audit finalization

Novated growth pleasing, albeit off a smaller base

Novated VUMOF has grown c.12% pcp

NOVATED VUMOF GROWING AT 10% CAGR

(Novated VUMOF, 000's)

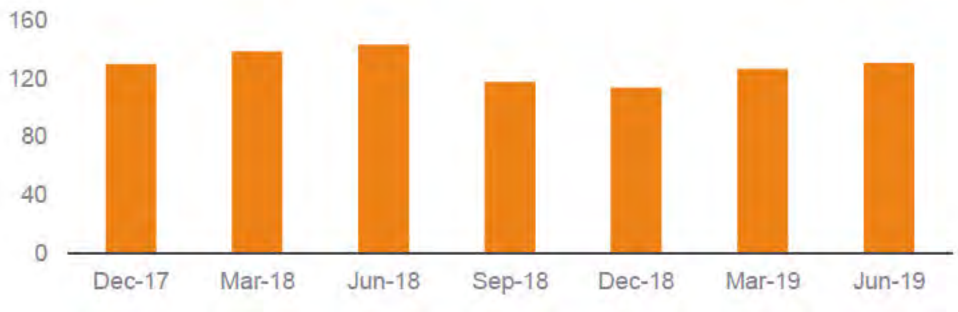


NOVATED GROWTH

- Recent investment in educators and sales teams driving good outcomes
- 10% CAGR over 3.5 years
- 12% growth v prior comparative period
- >30% relative to new car sales since June 2018

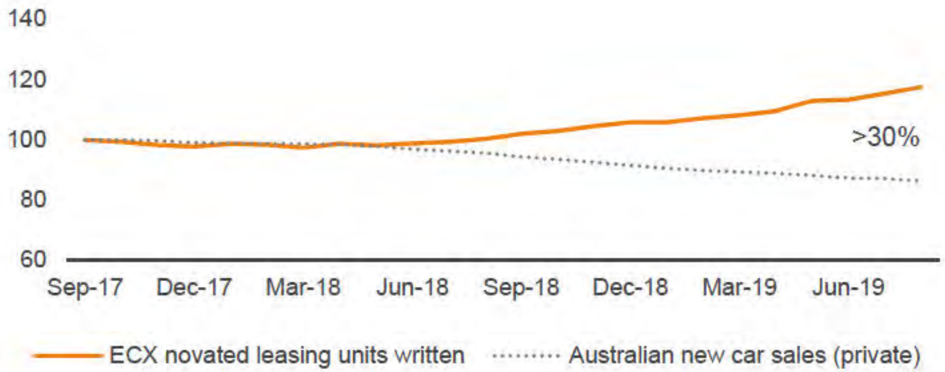
AUSTRALIAN PRIVATE NEW CAR SALES

(Quarterly Private Sales ('000s)[1])



ECX NOVATED LEASE UNITS WRITTEN

(Rolling 12 month average – rebased from Sep-17)

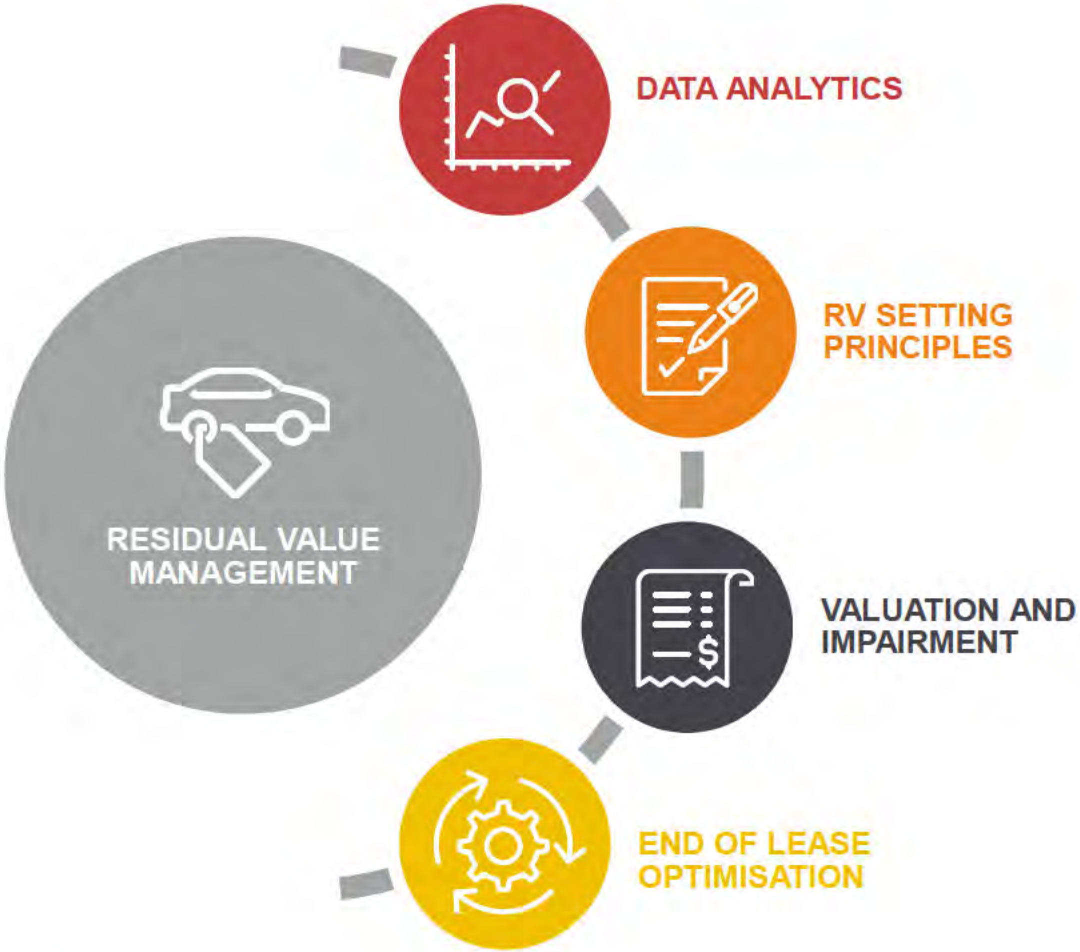


Notes
1. New car sales from VFACTS – Private sales to individuals (excl Govt, business and Rental sales)
2. This represents an estimate and subject to audit finalization

3. Financial and risk management

Residual value metrics

Well established residual value setting processes developed over 32 years enable Eclipx to sustainably manage its end of lease returns



DATA ANALYTICS

- Extensive auction data (Pickles and Manheim) along with proprietary data
- Access to Redbook and Glass' data
- Vfacts provides access to underlying vehicle trends

RV SETTING PRINCIPLES

- Based on expected used car prices
- Set by vehicle (make/model) and does not vary by customer
- Responsibility of the CRO / CFO
- Set independently of the sales function

VALUATION AND IMPAIRMENT

- Fleet is valued monthly by vehicle
- Fleet impairments are raised if the expected cashflows are lower than a vehicles carrying value
- Eclipx does not offset impaired vehicles against profitable vehicles (impairment pooling)

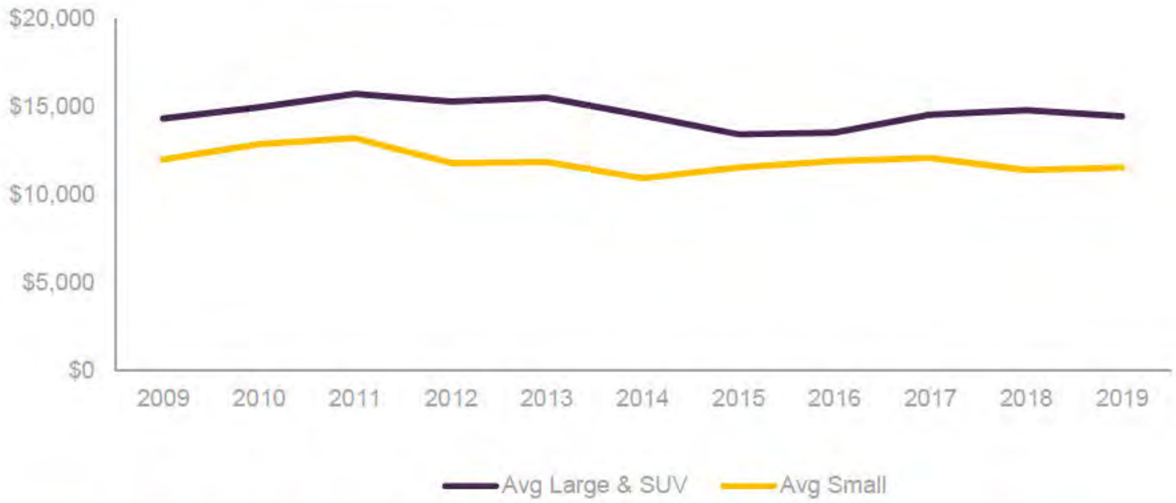
END OF LEASE OPTIMISATION

- Contract management
- Leverage re-leasing options to extend useful life of asset and mitigate impairment
- Extensive range of disposal channels to enhance end of lease returns

Residual value metrics

Long term stability in the used car market enable Eclipx to maintain consistent residual values

AUSTRALIAN USED CAR PRICES[1,2]



RESIDUAL VALUES ON EXISTING LEASES (% OF AMOUNT FINANCED)

(By lease expiry date)

COMMENTS

- Used car prices are a key determinant in Eclipx residual value setting
- Eclipx also closely monitor new and used car volumes, changes in customer vehicle preferences (such as the increased demand for SUV's), OEM market share changes and other external factors in determining its residual values
- Eclipx residual values remain stable across its portfolio
- This stability leads to sustainable end of lease profits over time

Notes:
1. Average large and SUV used car price based on the recorded used car sale prices for the three main large vehicle types in Australia (Holden Commodore, Ford Falcon, Toyota Camry, Toyota Rav4 , Subaru Forester and Honda CRV) standardised for used cars with three years use and 70,000 kilometres driven
2. Average small used car price based on the recorded used car sale prices for the two main small vehicle types in Australia (Mazda 3 and Toyota Corolla) standardised for used cars with three years use and 70,000 kilometres driven

Credit risk management

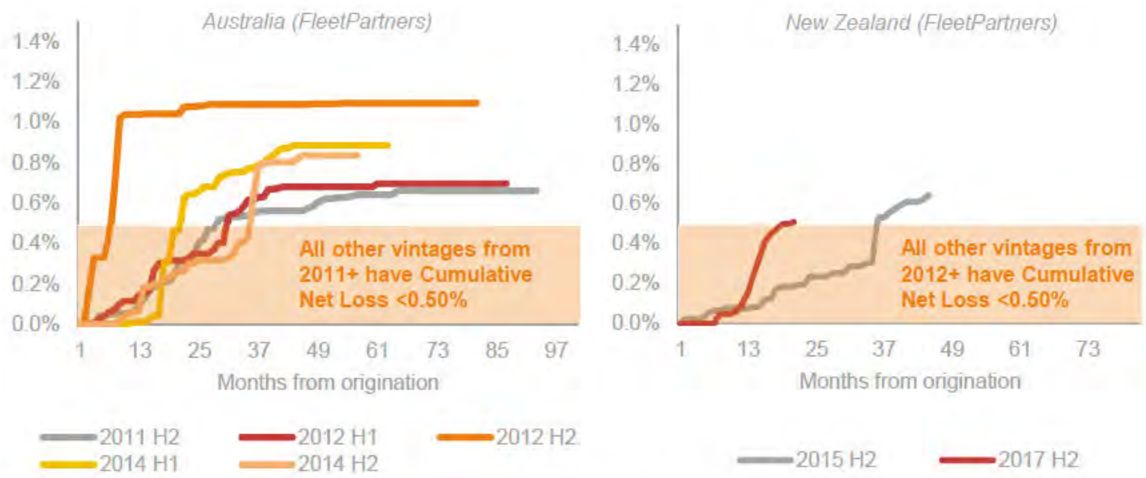
With more than 32 years of unique credit insights, Eclipx has developed a market leading credit scorecard and sustainably low credit losses throughout the cycle…

CREDIT RISK: 90+ DAYS ARREARS HISTORY[1]

(% of securitised Fleet receivables)

CREDIT RISK: CUMULATIVE NET LOSS BY VINTAGE[2]

(% of securitised Fleet receivables)



COMMENTS

- Eclipx has strong credit risk controls at origination and throughout the customer lifecycle
- Eclipx proprietary scorecard facilitates straight through processing and 24/7 approvals, creating a key competitive advantage
- Well defined asset eligibility criteria that aligns with funding warehouses and securitization risk tolerance
- Eclipx has been able to maintain sustainably low credit losses throughout the cycle
- These factors create strong demand for Eclipx ABS issuances (such as the most recent NZ ABS issue) and lower funding costs

Notes:
1. Lease payments of 90+ days in arrears as percentage of total FleetPartners AU and NZ securitised receivables
2. Credit loss incurred (net of proceeds from asset sales) at number of months from origination grouped by half-year

4. Right2Drive

Managing for capital and value

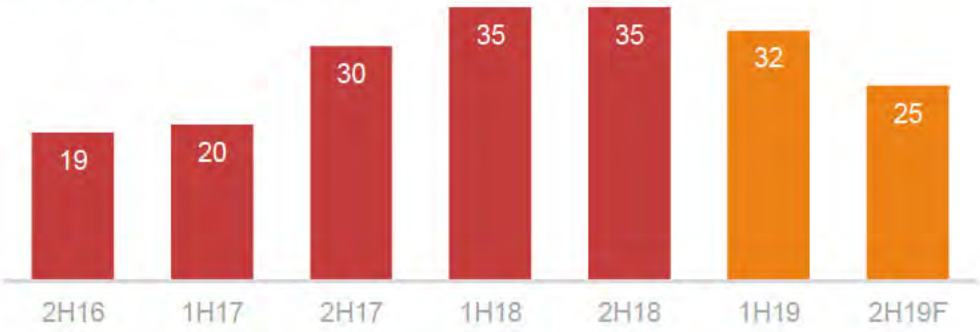
1	Right2Drive has been ringfenced, non-core and remains readily separable—in the interim, it will be a net contributor of capital to group
2	Group has examined a range of monetisation alternatives including a sale of debtor book, forward flow arrangements and internalisation of collections
3	The business is currently being re-sized and restructured under new leadership with a collections focus
4	Intense focus on collecting debtor book (forward & back books)
5	Priority is to manage the business for capital and maximise shareholder value

Managing for capital and value

Right2Drive has grown aggressively at the expense of capital preservation and cost discipline

ACCELERATED BRANCH ROLLOUT…

Number of Branches…reducing



…DROVE GROWTH IN HIRES

Number of Hires….reducing

PRIOR MODEL

✗ Aggressive branch roll-out drove growth in hires

PRIOR MODEL

✗ Growth in hires at the expense of process and collections discipline

CURRENT – MANAGE FOR CAPITAL & VALUE

✓ Scale down branches to more profitable networks

✓ Focus on capital preservation and collections activities

CURRENT – MANAGE FOR CAPITAL & VALUE

✓ Implementation of lifecycle process controls to drive collection outcomes

✓ This will result in lower hires, as origination processes are now in place to manage the effectiveness of credit hires

Notes:
1. This represents an estimate

Managing for capital and value

Until recently, R2D had been managed for growth with little or no change to its processes

RAPID EXPANSION OF RIGHT2DRIVE DEBTOR BOOK[1] …

Improved collections on Debtor book

PRIOR MODEL

✗ Rapid debtor book growth from a lack of process & collections discipline

✗ No clear origination processes resulting in increased share of un-insured / insured no claims customers

CURRENT – MANAGE FOR CAPITAL & VALUE

✓ Front-book – collections processes in place for all new originations

✓ Back book – collections team hired to solely targeting enhanced collections of the debtors book

✓ We expect Right2Drive to be a net contributor of capital to the group going forward

…FLEET LEASING COMMITMENTS CAN BE RUN-DOWN IF REQUIRED

Fleet size can be run-down within 12 months

PRIOR MODEL

✗ Committed lease book is expected to run-down to 947 by September 2020 (assuming no new leases are to be written)

CURRENT – MANAGE FOR CAPITAL & VALUE

✓ Right-sizing fleet to manage utilisation more effectively

✓ ECX will monitor the speed of fleet run-down versus the speed of debtor book collections activities

✓ Incremental fleet additions can be sourced, as required, from a mix of short term and longer term hires

Notes:
1. Right2Drive debtor book is before any provisions and discounts

5. Conclusion

Conclusion

First four months…

1. Non-core divestments

- Exited three of 5 non-core businesses
- Prepared two for separation and commenced restructuring

✓ graysonline.com
✓ are you selling
✓ eclipx COMMERCIAL

2. Balance sheet

- De-risked balance sheet and created core funding capacity

✓ Corporate debt refinance
✓ Warehouses extended
✓ NZ ABS completed

3. Cost optimisation

✓ Cost optimisation plan and targets developed

4. Core refocus

✓ Stable performance

Next 12+ months…

- Managing non-core for value & capital
- Businesses have been ringfenced, remains non-core and is readily separable

- Reduction of corporate debt
- Diverse funding sources well prepared for growth
- Targeting Australian ABS during FY20 (subject to market)

- Implementation of plan during FY20 and FY21
- Target $20m and Group Cost to Income of 45%

- Disciplined approach to capital allocation
- Evolve competencies to broaden market opportunity

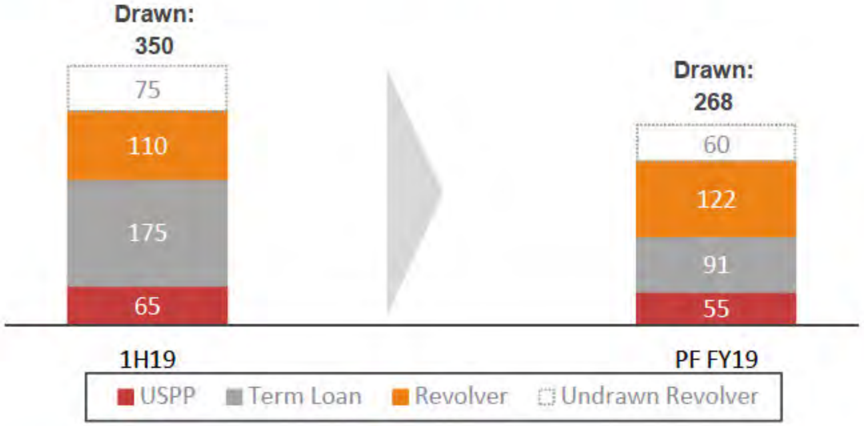
Q&A

Appendix A – corporate debt overview

Corporate debt overview

CORPORATE DEBT FACILITIES (GROSS DEBT)

In AUD millions



Gross debt reduced by $82m since 31 March 2019

Paydown from net proceeds from Grays, AYS and CEF sales and an additional paydown from existing cash balances at financial close

Net debt expected to be ~$205 – 215m at 30 September 2019[1]

Key Terms	Summary
Participants	• 6 existing lenders
Covenants	• Tested quarterly commencing December 2019 • One-off and restructuring cost exemptions (subject to cap)
Pricing	• Amended pricing grid based on leverage ratio • Upfront amendment fee
Maturity	• Revolver & Term Loan (October 2022) • USPP (July 2025)
Amortisation	• Scheduled amortisation totaling $10m per half year until leverage ratio is below 2.0x[2] • Mandatory amortisation of non-core asset disposals and any other prescribed internal initiatives • All amortisation payments resulting in a permanent reduction in facility limits

On and from	Dec-19	Mar-20	Sep-20	Mar-21	Sep-21
Leverage Ratio	3.50x	3.25x	2.75x	2.50x	2.25x
Interest Cover Ratio	2.75x	3.00x	3.25x	3.50x	3.75x
Shareholder Funds ('SHF')	Greater of $450m or 85% of SHF as at end of preceding FY				

COMMENTS

- Credit approved terms sheet obtained on satisfactory terms to amend corporate debt facilities
    - Subject to final customary long form documentation, which is in progress
- Existing lenders remain supportive of ECX, with all participating in the amended facility
- The amendment delivers stability and certainty of ECX's capital structure
    - More flexible terms with headroom to implement the changes required under the Simplification program
- ECX's intention is to bring leverage below 2.0x[2] for at least 2 consecutive periods before paying dividends

Note:
1. Net debt reflects reduced Gross debt and net cash movements in the period including payment of $8m break-fee to MMS and other securitization and working capital movements in the period
2. For the purposes of calculating the leverage ratio and the interest cover ratio covenants a number of adjustments to EBITDA are undertaken. These adjustments reflect non-cash items, restructuring costs, transaction costs, extraordinary items and mezzanine interest costs funded out of corporate debt. Leverage ratio = Net Debt / Adjusted EBITDA

Corporate debt interest expense sensitivity

ILLUSTRATIVE SENSITIVITY – PATHWAY TO STEADY STATE ($M)

Effective Blended Interest Rate (%)[1]

Average Gross Debt (A$M)	7.0%	6.5%	6.0%	5.5%	5.0%
268	(18.8)	(17.4)	(16.1)	(14.7)	(13.4)
250	(17.5)	(16.3)	(15.0)	(13.8)	(12.5)
225	(15.8)	(14.6)	(13.5)	(12.4)	(11.3)
200	(14.0)	(13.0)	(12.0)	(11.0)	(10.0)
175	(12.3)	(11.4)	(10.5)	(9.6)	(8.8)
150	(10.5)	(9.8)	(9.0)	(8.3)	(7.5)

Illustrative steady state assumptions:

Gross debt	= $175m
Cash	= $(55)m
Net debt	= $120m
Interest	**= ~$10m p.a. (on gross debt)**

COMMENTS

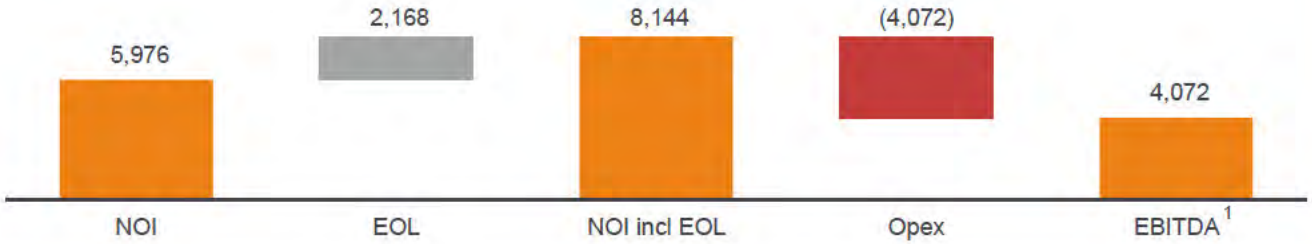
- Interest expense is driven by average gross debt balances and fees for undrawn committed limits
- Average gross debt in FY20 will be lower than $268m (at financial close) as debt is paid down resulting in lower FY20 interest expense (vs. ~$19m in FY19E)
- Scheduled and mandatory amortisation payments and additional debt reduction initiatives will benefit ECX via reduced cost of funds and lower debt levels
    - Blended interest rate to step down under a pricing grid in line with leverage ratio improvements
- Interest expense expected to reduce to ~$10m once at steady state debt levels

Note:
1. Excludes non-cash amortisation of refinancing costs and prior establishment costs and is not adjusted for re-allocation to NOI of mezzanine interest costs funded out of corporate debt. Net effect of this two offsetting each other factors is not material for the purposes of this illustrative analysis.

Appendix B—illustrative lease unit economics

Illustrative lease - balance sheet funded example

ILLUSTRATIVE UNIT ECONOMICS PER FLEET TRANSACTION



INCOME STATEMENT ($)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Net Operating Income before End of Lease	**1,109**	**1,447**	**1,657**	**1,764**	**-**	**5,976**
End of Lease	-	-	-	-	2,168	2,168
Net Operating Income after End of Lease	**1,109**	**1,447**	**1,657**	**1,764**	**2,168**	**8,144**
Operating costs	(554)	(723)	(828)	(882)	(1,084)	(4,072)
EBITDA	**554**	**723**	**828**	**882**	**1,084**	**4,072**

CASHFLOW (PRE-TAX)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
At Origination	(2,700)	-	-	-	-	(2,700)
In-life	1,348	1,187	999	856	-	4,390
End of Lease	-	-	-	-	2,383	2,383
TOTAL	**(1,352)**	**1,187**	**999**	**856**	**2,383**	**4,072**

ILLUSTRATIVE ASSUMPTIONS

Financed amount:	$40,000
Term:	4 years
Residual value:	$16,000
Product:	Fully maintained operating lease
Monthly rental:	$816 per month
Cost to income (%):	50%
End of lease profit:	$2,168[1]
Funded:	ECX warehouse funded
Credit support:	8% of financed amount

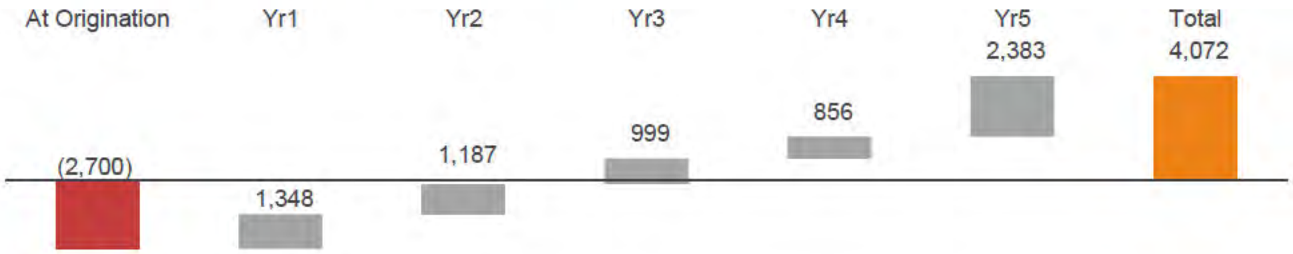
COMMENTS

- By funding through its warehouses / ABS, Eclipx recognizes its NIM throughout the life of a lease
- Eclipx generates c73% of its net operating income throughout the life of a lease in accordance with AIFRS
- This provides greater revenue certainty and predictability when compared to P&A funded volume
- Eclipx depreciates the value of its fleet assets down to its residual value throughout the lease term. There are 2 components to the depreciation margin;
  1. Depreciation expenses is recognized on a straight line basis over the life of a lease
  2. Principal recovery reflects the diminution in value of a lease asset over its finance term
- Eclipx generates management fees and maintenance margins throughout the life of a lease

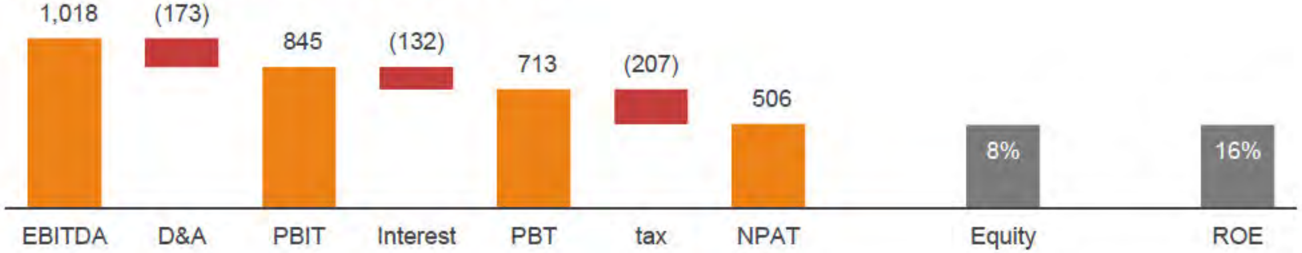
Notes:
1. Does not include the impact of contract modifications, extensions or inertia
2. $2,168 is the average profit per unit in 1H19

Illustrative lease - balance sheet funded example

CASHFLOWS OVER LIFE OF LEASE



ILLUSTRATIVE RETURN ON EQUITY



COMMENTS

- Eclipx must hold a minimum of 8% credit support on its operating lease assets funded through its warehouses
- Eclipx can illustratively generate a life-time EBITDA of $4,072 (based on an illustrative 50% CTI) on an operating lease funded on its balance sheet/warehouse
- After the allocation of depreciation / amortization (7%), interest on corporate debt and tax (29%), Eclipx generates NPAT of $506 per annum (on a 4 year lease)
- Based on a minimum equity of 8%, the lease generates an annualized ROE of 16%
- The sensitivity below shows the impact of changes in ECX's CTI and credit support (%) on its annualized ROE

ILLUSTRATIVE SENSITIVITY – RETURN ON EQUITY (%)

COST TO INCOME (%)	CREDIT SUPPORT (%)					
	5%	6%	7%	8%	9%	10%
40%	30%	25%	22%	19%	17%	15%
45%	27%	23%	20%	17%	16%	14%
50%	25%	21%	18%	16%	14%	13%
55%	22%	19%	16%	14%	13%	12%

END OF LEASE INCOME ($)	CREDIT SUPPORT (%)					
	5%	6%	7%	8%	9%	10%
2,000	23%	20%	17%	15%	13%	12%
2,168	25%	21%	18%	16%	14%	13%
2,300	26%	22%	19%	17%	15%	13%
2,500	28%	23%	20%	18%	16%	14%

eclipx GROUP