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Eclipx Group Limited | ABN: 85 131 557 901

11 February 2020

Eclipx 2020 Annual General Meeting – Chairman’s Address

Let me commence by saying, Eclipx has had a very challenging 2019 financial year.

From November 2018 through to end of March 2019, we were working towards the implementation of a merger with McMillan Shakespeare. This merger was based on sound financial and industrial logic offering a range of attractive synergies, with both businesses contributing complementary capabilities. The Board sincerely regrets that the proposed merger with MMS did not complete, constrained, for the most part, by the poor operating performance of our ‘non-core business’ units.

In parallel to the merger engagement, the Board had developed a contingency plan, called Simplification; a pathway to return the business to ‘core fleet’ leasing.

Within weeks of the merger termination, the Board appointed a new Chief Executive Officer, Julian Russell. He immediately sought to refine and commence the execution of the Simplification Plan, in conjunction with the Board, made up of four components;

1. Non-core business divestments;
2. Strengthening balance sheet;
3. Cost optimisation; and
4. Re-focus on the core fleet business

The group commenced the preparation for sale of our underperforming ‘non-core businesses’, being Right2Drive, CarLoans, GraysOnline, areyouselling.com. au and Commercial Equipment. The latter three have already been sold ahead of our initial timetable expectations, and our team are actively working on the sale of the remaining non-core businesses; Right2Drive and CarLoans. We expect these to be sold during FY20.

The Group has restructured its funding arrangements to provide the flexibility to implement the Simplification Plan. We also placed circa \$700 million of our securities into the Australian and New Zealand asset backed securitisation markets between September and December 2019, providing us with better margins and permanent capital release.



We commenced a detailed program of cost optimisation planning, which is currently in the process of execution—we are targeting a sustainable cost to income ratio of 45% by exit FY21.

Finally, the executive and Board are very focused on reallocating our internal resources and energy on the refinement of our core fleet business. This includes the reshaping its strategic direction, and the development of our products tailored to our customers in Corporate, mid- and SME markets.

The fleet business is resilient, with a stable customer base in operating leasing and unique funding structures which remains a unique advantage to us. We have seen double digit volumes growth in Novated, which now represents circa 30% of our new business writings, and we continue to make progress here.

In all products, and across our customer base, we are winning on our distinguished service proposition. Our net promotor scores are in the mid-50s up from mid-30s a true reflection of our value proposition, and a reflection of the efforts of our team and our Chief Commercial Officer Bevan Guest, appointed by the Board in May 2019. The team won Coca-Cola Amatil's 2019 Australian Partner of the Year as well as receiving the award for 'innovation and growth', at their annual Australian partner awards.

The core business has a strong foundation from which we can leverage identified opportunities ensuring our position of market leadership and delivering stable results for shareholders.

While FY20 will continue to be a period of transition for us, we are pleased with our progress to date on Simplification and look forward to the future.

Finally, our Group's thoughts are with those who have been impacted by the recent and ongoing bush fires. Fortunately, we have seen limited impact on our fleet and limited disruption to our people. We continue to support our staff volunteering as well as other Group charitable initiatives in support of bush fire relief.

I would now like to ask our Chief Executive Officer, Julian Russell to address the meeting.

ENDS

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About Eclipx

Eclipx is a leading provider of fleet leasing, management and vehicle rentals to corporate, SME and consumers in Australia and to corporate and SME customers in New Zealand.