

3 November 2021

## ASX Release

Market Announcements Office  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

### ECLIPX GROUP REPORTS FY21 RESULTS

Eclix Group Limited (ASX: ECX, "Eclix" or "Group") today releases its results for the full year ended 30 September 2021.

#### Highlights for the full year ended 30 September 2021 ("FY21")

- Net operating income ("NOI") of \$223.3 million, up 32% compared to prior comparative period, FY20 ("pcp")
- Earnings before Interest, Tax, Depreciation & Amortisation ("EBITDA") of \$143.4 million, representing a like for like growth rate of 63% compared to pcp
- Net Profit After Tax & Amortisation ("NPATA") of \$86.1 million, a 110% increase compared to pcp
- New Business Writings ("NBW") increased 2% compared to pcp. Despite an expanding sales order pipeline, NBW is expected to be constrained by new vehicle supply shortages, likely to continue until 4Q calendar year 2022
- Assets under Management or Financed ("AUMOF") reduced by 4% compared to pcp, reflecting the lower NBW since the emergence of COVID-19 and a 42% increase in lease extensions versus pcp
- Margin expansion, particularly funding benefits, have more than offset the reduction in assets in the period, with NOI before Provisions and pre-End of Lease income ("EOL") up 8% on FY20
- Cash conversion of 121% reflecting strong organic capital generation
- Net corporate debt down c.80% to \$20 million (\$99 million in FY20), with net debt to EBITDA ratio reduced to 0.14x (1.1x in FY20)

#### Capital management – FY21 share buy-back capital pay-out ratio of 65% NPATA

- Most efficient form of capital distribution to shareholders, in the absence of distributable franking credits
- Existing \$40 million share buy-back announced during 2H21 extended to \$56 million or 65% of FY21 NPATA
- Targeting a capital pay-out ratio (CPR) of 55-65% NPATA going forward

#### Strategic Pathways

- Good progress made in the first 12 months of Strategic Pathways, a strategy designed to expand into new and existing target markets of Corporate, SME and Novated
- Foundations developed, with focus now being on full activation and enhancements of digital origination platforms
- Product demand and appetite is apparent despite vehicle supply constraints
- Seeking to take a lead in fleet electrification by FY23, supported by unique underwriting and funding capabilities, as well as current exclusive position as the only carbon neutral player in the fleet sector

#### ESG progression during FY21

- ASX leader for female board representation
- Group has become the first fleet management organisation with Climate Active certification
- Customer and employee advocacy metrics already nearing FY23 targets

## Group performance

The Group has outperformed in FY21, the first clean full year reporting period following the completion of the Simplification Plan in August 2020. NPATA was \$86.1 million in the year, up 110% compared to FY20 (“prior comparative period”). Cash conversion of 121% for the full year has enabled an accelerated reduction in net corporate debt to \$20 million, well below Group internal targets.

The Group returned positive jaws in FY21, with 32% growth in Net Operating Income (NOI) after provisions and End of Lease Income (EOL) and a 2% reduction in operating expenses.

NOI pre-provisions and EOL was up \$10.7m driven by margin expansion from our renewed focus on higher margin products and treasury initiatives. This 8% top-line growth is pleasing in light of a 4% reduction in AUMOF during the year.

End of Lease income outperformed in FY21, increasing by 108% compared to FY20. Average unit profitability increased by 156% from \$2,566 in FY20 to \$6,558 in FY21. This was driven by ongoing positive trends in the used vehicle markets in both Australia and New Zealand. The used vehicle market continues to benefit from the global supply chain disruption for new vehicles.

Conversely, that same vehicle supply chain disruption has impacted NBW volumes, as new vehicle deliveries have seen significant delays. While NBW increased 2% year on year, deliveries remained constrained. Lease extensions have also increased 42% compared to the prior comparative period, and the order pipelines across each business segment are at all-time highs, reflecting the new vehicle delivery delays. These supply chain driven delays are expected to continue until 4Q calendar year 2022.

Overall Net Operating Income after Provisions and End of Lease Profitability was up 32% to \$223.3 million compared to the prior comparative period. Operating expenses were \$79.9 million, in line with our expectations, and despite inflationary pressures to costs including certain employee roles and D&O insurance.

EBITDA was \$143.4 million in FY21, up 63% compared to the prior comparative period. This result reflects the strong underlying performance of the simplified Group and has allowed Eclipx to further reduce its net corporate debt position by circa 80% compared to the prior comparative period. The EBITDA outperformance, combined with lower net corporate debt, means that the Group’s net debt to EBITDA ratio was 0.14x at 30 September 2021, significantly reduced from 1.1x in FY20.

This earlier than expected de-leveraging profile enabled the Group to commence its capital management strategy during the second half of FY21. The initial on market share buy-back target of \$20 million was revised upwards to \$40 million during the period. As part of the FY21 result, this capital return has been further extended by \$16 million, bringing the total target capital return to \$56 million for the FY21 year. This represents 65% of the FY21 NPATA and implies a capital yield of 7.2%, being \$56 million as a percentage of closing market capitalisation on 1 November 2021.

Given the Group is a beneficiary of the Australian Federal Budget’s instant asset write-off policy, it does not have distributable franking credits, and is not expected to accrue franking credits until late FY24 at the earliest. Therefore, the Group believes a return of capital to shareholders is best achieved through an ongoing program of on-market share buy-backs and cancellations. Going forward, the Group’s Board expects to target a share buy-back or capital pay-out ratio of 55-65%.

## Strategic Pathways

The Group has made good progress during its first 12 months of Strategic Pathways, a strategy designed to expand into new and existing target markets of Corporate, SME and Novated. These target markets represent under-penetrated growth opportunities, and the Group is focused on developing its traditional sales and digital distribution capabilities in order to drive penetration into these markets. During FY21, the foundations of the Group's digital origination platforms were developed, and are currently in the final stages of roll-out to all customers and distribution partners.

During FY22, the Group is seeking a full activation of these digital origination platforms in our target markets. Combined with ongoing platform enhancements, tangible progress is expected as vehicle supply constraints are expected to ease in the fourth quarter of calendar year 2022. The Group has been refining its capabilities in electric vehicle leasing, and is seeking to take a lead in fleet electrification by FY23. We expect this position will be supported by the Group's unique underwriting and funding capabilities, as well its current exclusive position as the only carbon neutral player in the fleet sector.

## Board changes during FY21

As foreshadowed in his address at the 2020 AGM, and after more than six years of dedicated service, Kerry Roxburgh AM retired from the Group's Board in August 2021, His retirement followed a successful transition of the role of chair to Gail Pemberton AO. In July 2021, two new non-executive directors were appointed to the Group's Board of Directors, Fiona Trafford-Walker and Cathy Yuncken, adding significant experience to the Group.

## ESG progress during FY21

With the changes to the composition of the Board, the Group has become a leader for female board representation on the ASX. The Group continued to make good progress on other aspects of its ESG journey during FY21, including becoming the first and only Fleet Management Organisation to be certified carbon neutral by Climate Active, a partnership between the Australian Government and Australian businesses to address climate change. Climate Active status, coupled with our partnership with the CEFC, places the Group in a good position to support our clients with their ESG and emissions targets, including transitioning fleets to lower emission electric and hybrid vehicles.

## Outlook

Globally, the supply chain disruption for new vehicles is expected to continue into the fourth quarter of calendar year 2022. While this supply situation remains, new vehicle deliveries, and therefore NBW and AUMOF, are likely to remain constrained.

As the Group continues to implement the Strategic Pathways plan and the new vehicle supply chain normalises, the Group expects a return to solid asset growth, reflective of the combined strength of our current order pipeline, of recent tender wins, of new and current client activity. In the near-term, while the new vehicle supply chain remains constrained, we expect End of Lease income to continue to remain above pre-COVID levels. Further details about the Group result can be found in the Financial Report and Investor Presentation.

**Investor call and webcast**

Julian Russell (CEO) and Damien Berrell (CFO) will hold an investor call and webcast today at 10am to discuss the results.

Dial in Details

Please pre-register for the call at the link below.

Pre-Registration Link: <https://s1.c-conf.com/diamondpass/10016767-1al6ta.html>

Open Briefing Live

<http://www.openbriefing.com/OB/4435.aspx>

**ENDS**

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