18 February 2022

ASX Release

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

ECLIPX GROUP 2022 ANNUAL GENERAL MEETING
CHAIR'S ADDRESS

In accordance with the Listing Rules, please see attached the address to be delivered by the Chair of Eclipx Group Limited (ASX: ECX), Gail Pemberton, at this morning's Annual General Meeting held in Sydney, Australia.

This announcement has been authorised by the Board of Directors

ENDS

Encl.

Media enquiries:	**Investor enquiries:**
John Frey GRACosway jfrey@gracosway.com.au +61 4 1136 1361	Damien Berrell Eclipx Group Chief Financial Officer Damien.berrell@eclipx.com +61 4 5735 7041

ECLIPX GROUP 2022 ANNUAL GENERAL MEETING

CHAIR'S ADDRESS

I will commence the proceedings today by acknowledging the traditional owners of the land on which we meet, the Gadigal people, and pay my respects to Elders past and present.

This morning, I will provide a brief overview of our business and achievements during FY21.

Our Chief Executive, Julian Russell, will then give an update on our business as well as the expectations for FY22, post our first quarter performance.

There will then be time for questions from shareholders when we move on to the formal business of the meeting and the resolutions for your consideration.

With me here today, I welcome our Independent Non-Executive Directors;

- Linda Jenkinson;
- Trevor Allen;
- Russell Shields;
- Fiona Trafford-Walker; and
- Cathy Yuncken.

We also welcome:

- Julian Russell – Chief Executive Officer;
- Damien Berrell – Chief Financial Officer;
- Matt Sinnamon – General Counsel and Company Secretary;
- Peter Zabaks, from KPMG, Eclipx's Auditor;
- Raymond Tarabay, returning officer for today's Meeting from Link Market Services, Eclipx's share registry;

During 2021, we made a number of changes to your Board of Directors and Executive team. These changes included my own appointment as Group Chair, transitioning the role from our former chairman Kerry Roxburgh, who retired during the year.

Kerry had foreshadowed his retirement at the 2021 AGM after six years of dedicated service. On behalf of the Group, we would like to thank Kerry for his significant contribution and leadership.

We continued the Board renewal process during 2021 with the appointments of Ms Fiona Trafford-Walker and Ms Cathy Yuncken as Non-Executive Directors of the Group. Both Fiona and Cathy add further experience, as well as a generational change, to our Board.

Our Executive Team was further enhanced during the year with three strong additions; Adriana Sheedy joined us as Chief Operating Officer from ING Group; Daniel Thompson joined us as Chief Customer Officer from the leadership team of a competing organisation; and Melissa Joyce joined us as Chief Risk Officer from Scottish Pacific, transitioning the role from our retiring Chief Risk Officer, Bart Hellemans.

In designing and delivering our strategy, there is no substitute for having a best-in-class Executive Team and Board. One of our top priorities is to ensure that we have a strong team with diverse backgrounds and experience. Further, during the past year, we redesigned our executive remuneration arrangements following engagement with shareholders and proxy advisors. Our newly designed remuneration framework is better aligned with shareholder value creation and will assist in attracting, motivating and retaining high quality executives.

I will come back to our strategic progress shortly, but in the first instance, I will talk through the FY21 performance highlights.

FY21 performance highlights

2021 was a highly disruptive year with the continuation of the COVID health crisis.

Despite this disruption, the Group delivered outperformance across all key metrics. This included a year of record profitability, with the Group delivering NPATA of $86.1m, up 110% year on year.

While we experienced 8% growth in net operating income before end of lease income, the most significant contribution to profitability was our temporarily elevated end of lease income, up 108% in FY21.

The elevated end of lease income was driven by ongoing positive trends in the used vehicle market in both Australia and New Zealand. These markets which have continued to benefit from the global supply chain disruption for new vehicles.

Conversely, that same vehicle supply chain disruption has impacted NBW, as new vehicle deliveries have seen significant delays. While NBW increased 2% year-on-year, deliveries remained constrained as order pipelines across each business segment remained at all-time highs, reflecting new vehicle delivery delays.

The other driver of financial performance was the contribution from the early completion of the Simplification Plan. This has delivered many benefits to Group including cost discipline, a strong balance sheet and an elevated cash flow profile. This has enabled the early commencement of our capital management strategy in the second half of FY21.

We declared a capital return to shareholders of $56 million for FY21 in the form of an on-market share buy-back program. That is equivalent to a dividend pay-out ratio of approximately 65% of our $86.1 million NPATA. Going forward, the capital pay-out ratio is expected to be between 55% and 65% of NPATA. The on-market share buy-back was selected as the best alternative mechanism for a return of capital to shareholders in an absence of distributable franking credits. It is expected that he Group will resume dividends as it accrues franking credits, and in the absence of no superior capital allocation alternative.

Level 6, 601 Pacific Highway, St Leonards NSW 2065
T: + 61 2 8973 7272 | **E:** info@eclipx.com | **W:** eclipxgroup.com

The buy-back has been successful to date and as of closing yesterday, we have consumed $51 million of the $56 million buy-back target, acquiring and cancelled 22.5 million shares at an average price of $2.25 per share.

While a strengthened balance sheet has enabled the Group to bring forward capital returns to shareholders, the Group has also benefitted from greater flexibility to implement its strategy.

One guiding principle of our Group's strategy is our approach to ESG, which we have made great progress with during FY21.

Environmental, Social and Governance

With the changes to the Board composition during FY21, the Group has become a leader for female board representation in the ASX300. We also took leadership positions on other important diversity and inclusion matters, including proudly becoming one of the first ASX companies to introduce compassionate leave for employees effected by miscarriage.

During FY21, the Group continued to make notable progress on other aspects of its ESG journey, 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 Clean Energy Finance Corporation, places the Group in a strong position to support our clients with their ESG and emissions targets, including transitioning fleets to lower emission electric and hybrid vehicles.

Customer engagement, measured by net promotor scores, has seen a marked increase in recent years, while our employee engagement reached an all-time high during FY21. Employee well-being and engagement remain more critical than ever, particularly given the consequences of the ongoing health crisis measures.

The Group continues to strive towards best practice in Corporate Governance and Sustainability, and the Board, Executive team and employees are committed to achieving this goal.

Concluding remarks

Before passing across to Julian, let me conclude with some final remarks about our Group.

Since the commencement of Simplification in May 2019, our share price rose 170% relative to the ASX300 index, which rose 17%. This outperformance can be attributed to our highly predictable and cash generative business model.

The COVID-19 health crisis has demonstrated the defensive nature and resilience of our business model. Enhanced financial returns have enabled an acceleration in the reduction of net debt, which is now less than $20m.

We are also investing in our technology infrastructure and digital platforms to enable long term growth, as well as better experiences for our customers.

Post Simplification, and as the health crisis abates, our platform is well positioned to meet external market challenges. We retain significant liquidity so we are positioned to rapidly deploy capital for organic and inorganic opportunities, while at the same time meet the demands of any potential future crisis.

Our balance sheet is highly diversified and unique in the fleet space, and across the non-bank financial sector. One critical advantage in our business is that we do not assume market or interest rate risk. All of our funded leases are hedged at the point of origination, and are matched funded to their duration. This means that our funded book assumes no market or interest rate risk – an important point to note with expected rate increases in the near term.

In closing, I express my sincere appreciation to all team members who have contributed to the positive transformation of our Group. Their loyalty, resilience and dedication have delivered a positive outcome at Eclipx in the face of extraordinary challenges. Also, on behalf of the Eclipx Group, I also express my sincere thanks and appreciation to our customers, to you our investors, and to our capital market partners for your continuing support.