

18 February 2022

## ASX Release

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

### ECLIPX GROUP 2022 ANNUAL GENERAL MEETING PRESENTATION MATERIALS

Please see attached the presentation materials which are to be displayed at this morning's Annual General Meeting held in Sydney, Australia.

This announcement has been authorised by the Board of Directors.

**ENDS**

**Encl.**

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# Eclipx Group 2022 Annual General Meeting

18 February 2022

The logo for fleetplus, featuring a white circle with 'FP' inside, followed by the text 'fleetplus' in a lowercase sans-serif font.The logo for FleetPartners, featuring a white circle with a black dot inside, followed by the text 'FleetPartners' in a sans-serif font.The logo for FleetChoice, featuring a white square with a stylized 'F' inside, followed by the text 'FleetChoice' in a sans-serif font.



# Legal disclaimer

This Presentation contains summary information about Eclipx Group Limited (Eclipx) and its subsidiaries and their activities current as at the date shown on the front page of this Presentation. The information in this Presentation does not purport to be complete. It should be read in conjunction with Eclipx's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

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This Presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Eclipx and associated entities of Eclipx and certain plans and objectives of the management of Eclipx. Forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of Eclipx to be materially different from the results or performance expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding Eclipx's present and future business strategies and the political, regulatory and economic environment in which Eclipx will operate in the future, which may not be reasonable, and are not guarantees or predictions of future performance. No representation or warranty is made that any of these statements or forecasts (express or implied) will come to pass or that any forecast result will be achieved.

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Statutory profit is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with the International Financial Reporting Standards (IFRS). Cash NPATA is categorised as non-IFRS financial information and therefore has been presented in compliance with Australian Securities and Investments Commission Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011.

All figures in this Presentation are A\$ unless stated otherwise and all market shares are estimates only. A number of figures, amounts, percentages, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this Presentation.



# Annual General Meeting agenda

2022

1 Quorum / Open meeting

2 Chair's welcome

3 Chair's address

4 Chief Executive Officer's address

5 Voting

# 1. Chair's welcome

# Board of Directors and Executive team

## Board of Directors



**Chair**  
Gail Pemberton<sup>1</sup>



**NED**  
Fiona Trafford-Walker



**NED**  
Cathy Yuncken



**NED**  
Linda Jenkinson<sup>2</sup>



**NED**  
Russell Shields



**NED**  
Trevor Allen

## Executive Team



**CEO**  
Julian Russell



**CFO**  
Damien Berrell



**COO**  
Adriana Sheedy



**CCO<sup>3</sup>**  
Daniel Thompson



**MD NZ**  
Russell Webber



**CSO**  
James Allaway



**Head of P&C**  
Zoe Hugginson



**Group Treasurer**  
Dom Di Gori



**GC**  
Matt Sinnamon



**CRO**  
Mel Joyce



**CIO**  
Harry Nakichbandi



**Group Finance Dir**  
Jonathan Sandow

Notes:


1. Director since March 2015 and appointed Chair on 6 May 2021
2. Director since January 2018 and appointed Chair of the People, Culture, Remuneration & Nomination Committee on 27 July 2021
3. Chief Customer Officer

New appointments

## 2. Chair's address

# FY21 performance highlights

**1**



**POSITIVE JAWS**  
32% NOI GROWTH AND  
2% OPEX REDUCTION

**2**



**↑ 110%**  
INCREASE IN NPATA

**3**




**↓ 80%**  
REDUCTION IN NET  
DEBT

**4**



**BUY-BACK**  
65% OF FY21 NPATA  
(\$56M)<sup>1</sup>

**5**



**\$644M**  
NBW

**6**



**STRATEGIC  
PATHWAYS  
ON TRACK**

30 September 2021  
(A\$m unless specified)

FY21A

FY20A<sup>5</sup>

Var +/-(-)

## Income statement

NOI pre EOL & provisions <sup>2</sup>	151.5	140.8	8%
EOL	69.2	33.3	108%
Provisions	2.6	(4.8)	nm
NOI	223.3	169.3	32%
OPEX	79.9	81.5	2%
EBITDA	143.4	87.9	63%
NPATA	86.1	41.0	110%

## Balance sheet

NBW <sup>3</sup>	644	629	2%
AUMOF	1,926.8	2,001.0	(4%)
Cash conversion	121%	178%	(57%)
Net debt	20	99	(80%)
Net debt to EBITDA <sup>4</sup>	0.14x	1.10x	(87%)

### Notes:

1. Share buy-back program increased from previously announced \$40m to \$56m, a \$16m increase. \$56m represents 65% of FY21 NPATA
2. NOI pre EOL & provisions represents Net Operating Income before EOL, credit and fleet impairment provisions
3. NBW is shown ex panel
4. Adjusted net debt (includes other financial indebtedness) to 'adjusted EBITDA' as reported to ECX lenders for covenant reporting
5. FY20A represents Core standalone including non-core stranded costs



# Environmental, Social and Governance (ESG)

## ENVIRONMENT

Climate Active Status<sup>1</sup>—only Fleet Management Organisation  
 Longstanding funding relationship with the Clean Energy Finance Corporation

## DIVERSITY & INCLUSION

ASX leader for female board representation  
 Extending maternity/paternity leave  
 One of the first ASX companies to introduce compassionate leave for miscarriage



## CUSTOMERS

Customer advocacy  
 Significant growth in NPS since FY18  
 95% of medium-term internal target achieved  
 Supporting clients with their ESG and emissions targets including EV fleet transitions

## EMPLOYEES

Engagement score increased from 50s in 2018 to 70+ current  
 90% of medium-term internal target achieved

## GOVERNANCE

Transparency, Whistleblower Policy & Code of Conduct  
 Anti-Bribery, Corruption, Gifts & Hospitality Policy  
 Cyber security and data privacy  
 Modern Slavery statement

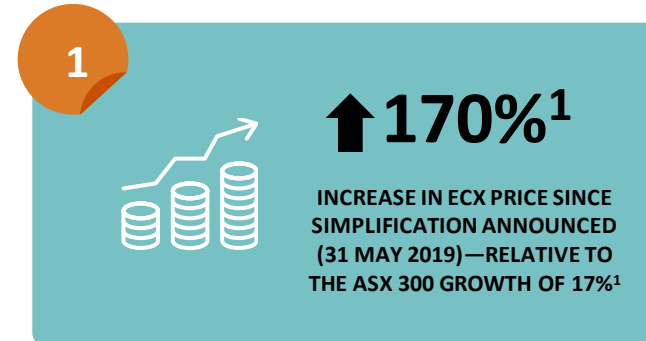
Notes:

1. Climate Active is a partnership between the Australian Government and Australian businesses to drive voluntary climate action. Climate Active certification is awarded to businesses and organisations that have reached a state of carbon neutrality, the certification for which is considered one of the most rigorous globally

# Group highlights

Highly predictable, cash generative and defensive business in strong asset class—invested for growth in underpenetrated target markets

- 1 Equity market outperformance over the last two years
- 2 Planned ongoing capital returns to shareholders, given high cash flow generation
- 3 Large lease book, with sticky client base of widely distributed blue-chip customers providing stability of earnings
- 4 Unique and most diversified funding platform in the AU & NZ fleet management sector with 35yrs+ of credit, maintenance and residual value underwriting experience
- 5 Market leading service proposition enhanced by digitisation of UX and process improving service proposition and scalability
- 6 Investing in growth opportunities in underpenetrated markets (Corporate, SME, Novated)



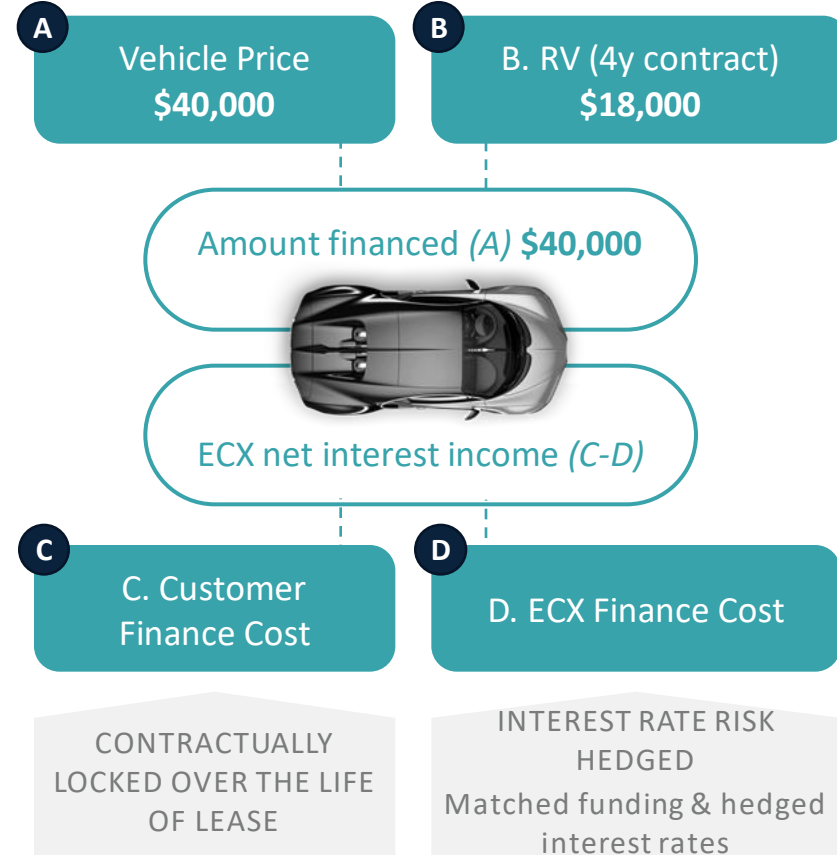
### 3. Chief Executive Officer's address

# Group business model—overview

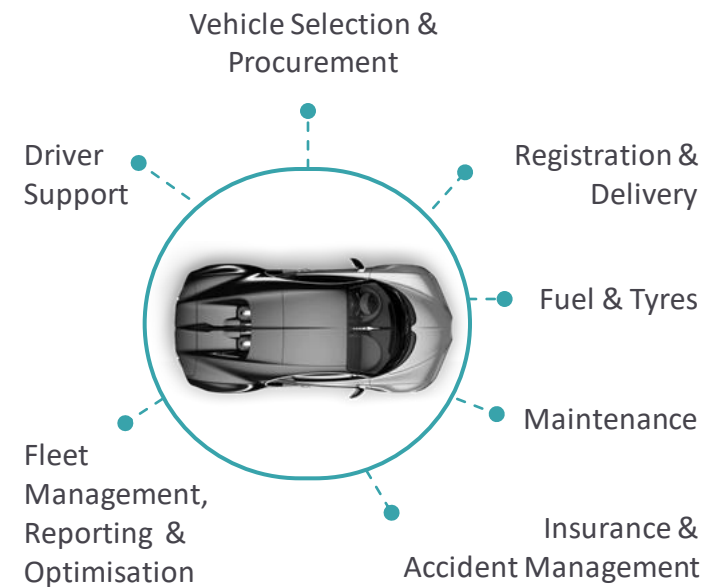
The Group has a simple business model in that we (1) finance vehicles for our customers, (2) provide services around them, and (3) sell the vehicles at the end of their lease

## 1 VEHICLE FINANCE

The Group utilises its own balance sheet (depicted below) to finance vehicles or uses third party funding (receiving an upfront commission and assuming no funding risk)



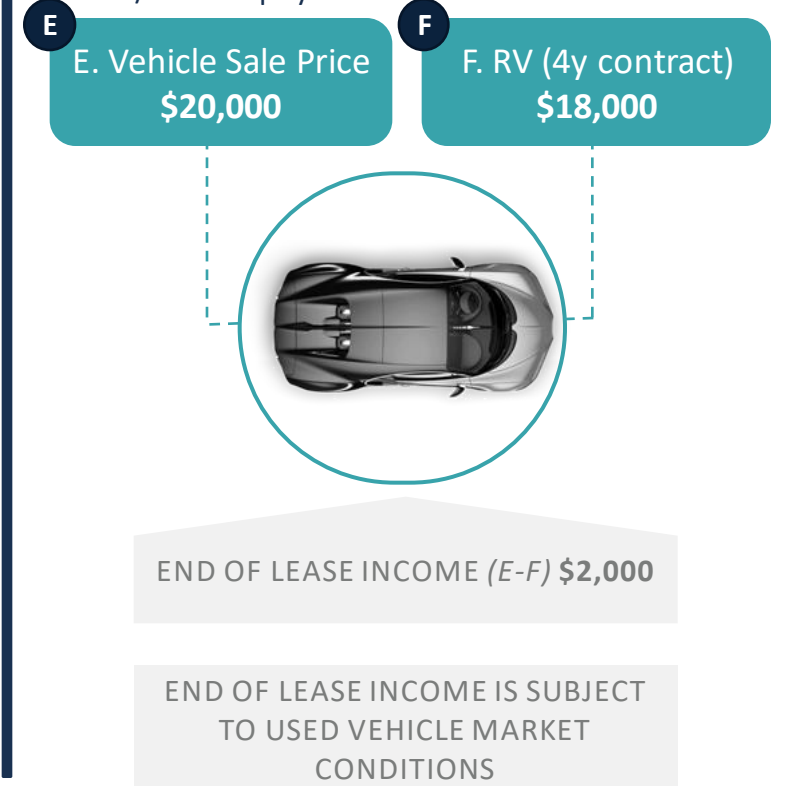
## 2 FLEET + VEHICLE SERVICES



FLEET AND VEHICLE SERVICE INCOME IS CONTRACTED OVER THE LIFE OF THE LEASE  
RELATED COSTS ARE PREDICTABLE

## 3 VEHICLE DISPOSAL

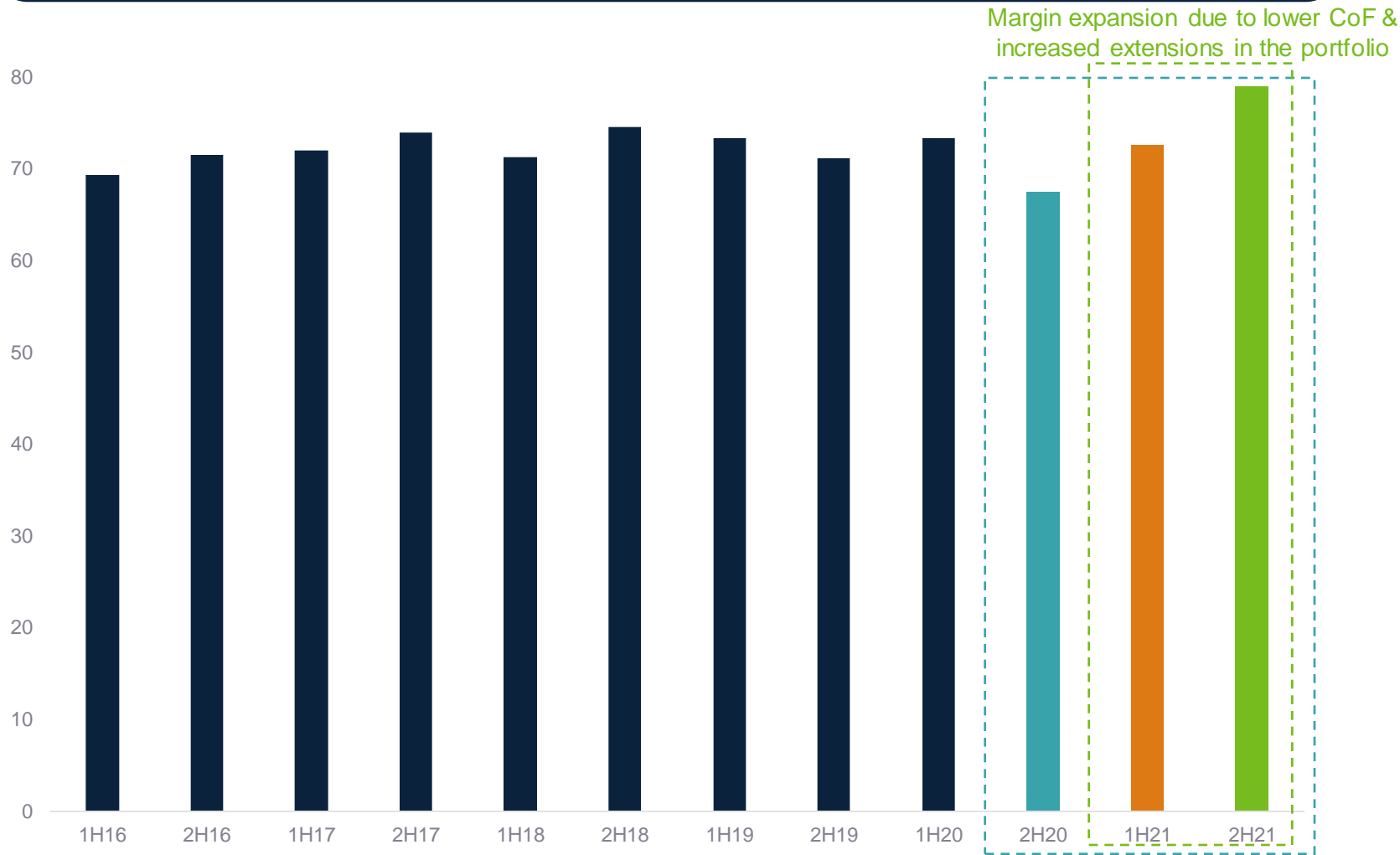
At the end of the lease, the Group will sell the vehicle (below)  
This excludes novated and finance leases where the vehicle is return to the customer after paying the RV/Balloon payment



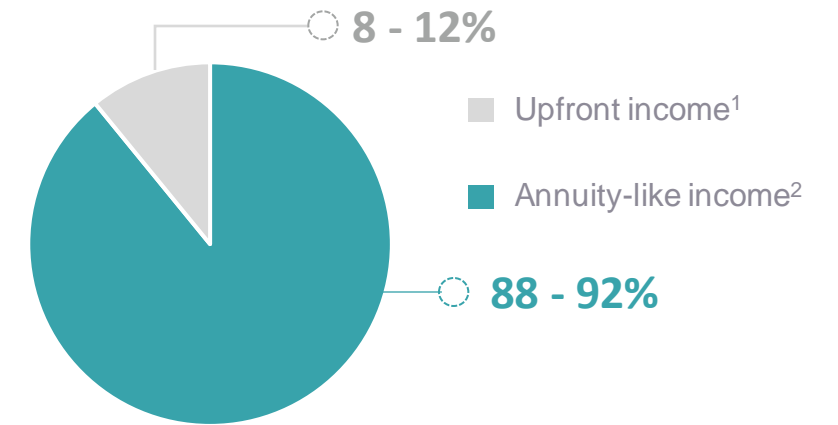
# Net operating income stability

The Group's earnings are predictable and annuity-like given the contracted nature of the revenue and low portfolio risk

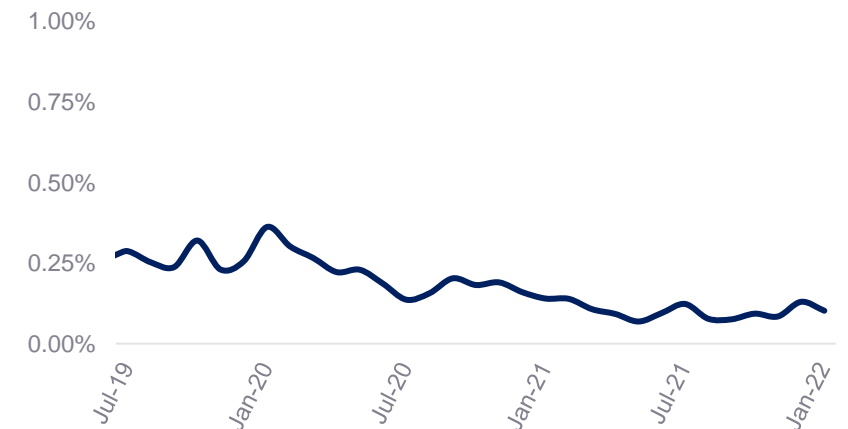
NOI pre EOL & provisions stability (\$m)



FY21 annuity-like income



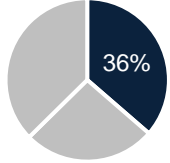
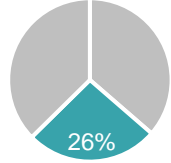
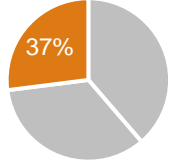
Book value of 90+ day arrears as % of total book value



# Managing rate risk exposure

The Group hedges its exposure to rate risk at lease origination in both rising and falling rate environments

## Interest rate exposure

	Warehouse	ABS	P&A
<b>AUMOF<sup>1</sup></b>			
<b>Base rate movement exposure</b>	<ul style="list-style-type: none"> <li>Hedged at lease for full term of lease</li> </ul>		<ul style="list-style-type: none"> <li>No exposure</li> </ul>
<b>Funding margin movement exposure</b>	<ul style="list-style-type: none"> <li>Typically repriced annually in line with market benchmarks</li> </ul>	<ul style="list-style-type: none"> <li>Fixed at issuance for the term of the issuance</li> </ul>	<ul style="list-style-type: none"> <li>No exposure</li> </ul>

## Commentary

- ✓ Well established program of diversified funding supported by a large number of financial institutions and credit investors
- ✓ Base rates hedged at origination and matched to lease duration. No speculative interest rate positions in our funding structures
- ✓ Forward rates environment considered in new lease origination pricing
- ✓ Lease book rolls over every 3 – 4 years
- ✓ Consistently strong portfolio performance with low loss rates, a proven history of residual value risk management and renewed Group financial performance are all important drivers for funding margins
- ✓ Any interest rate changes for NBW is ultimately passed through in the cost of a lease

# FY22 expectation analysis reaffirmed and updated

	FY21A	FY22 (expectation)	Cash item	Update since November 2021 ( <i>update in italics</i> )
NOI pre EOL & provisions	\$151.5m		✓	<ul style="list-style-type: none"> <li>NOI margin expansion driven by lower cost of funds, higher maintenance profits and higher management fees, more than offsetting the continued downward pressure on average AUMOF from supply constraints</li> </ul>
End of lease income	\$69.2m		✓	<ul style="list-style-type: none"> <li>Prices in used vehicle market continue to be materially elevated in 1Q</li> <li>Price rationalisation expected to occur gradually over time, when new vehicle inventory supply is restored</li> </ul>
Provisions	\$2.6m		✗	<ul style="list-style-type: none"> <li>\$2.5m COVID overlay credit provision as at Sept-21</li> <li>Subject to no deterioration in macroeconomic conditions, no further overlay expected</li> </ul>
<b>NOI</b>	<b>\$223.3m</b>			
Operating expenses	(\$79.9m)	(\$80.0m)	✓	<ul style="list-style-type: none"> <li>1H22 expected to be below \$40m given delays in filling open roles, however FY22 expectations remain at \$80m for FY22</li> </ul>
<b>EBITDA</b>	<b>\$143.4m</b>			
Interest & depreciation on leases	(\$4.5m)	(\$4.0 – 4.5m)	✓	<ul style="list-style-type: none"> <li>Stable</li> </ul>
Share based payments	(\$4.5m)	(\$2.5 – 3.5m)	✗	<ul style="list-style-type: none"> <li>Expectation reduced by \$1.0 – 1.5m as a result of recent changes</li> </ul>
Depreciation	(\$2.6m)	(\$1.0 – 2.0m)	✗	<ul style="list-style-type: none"> <li>Lower depreciation in FY22 due to accelerated depreciation in FY21 as a result of migration of data to the cloud</li> </ul>
Interest on corporate debt	(\$9.6m)	(\$5.5 – 6.5m)	✓	<ul style="list-style-type: none"> <li>Interest expense expected to be at the lower end of the range</li> </ul>
Tax	29.4%	29 – 30% (tax rate)	✓ (NZ only)	<ul style="list-style-type: none"> <li>Based on statutory earnings from Australia and New Zealand</li> <li>No Australian corporate tax expected to be paid in cash, given eligibility for instant asset write-off on operating leases. Deferred tax liability will increase accordingly</li> </ul>

# 1Q22—business update

## New vehicle supply

Remains constrained and unlikely to fully normalise prior to the end of 2022

## End of lease income

Used car prices remain elevated, due to new car supply constraints

Achieved \$7,564 in EOL income per unit in 1Q22, 7% above 2HCY21 and 15% above FY21

## New customer wins

Strong win rates experienced in the first four months on the back of structural team changes, technology enhancements & increased commercial intensity

## 1Q21 performance

NOI and NPATA before EOL predictable and consistent with expectations

NOI (before EOL) margins remain elevated

Expected AUMOF declines slower on the back of stronger new business writings

## New business writings

10% growth in 1Q22 pcp, despite supply issues

Writings weighted towards more profitable operating leases, with novated deliveries softer

Group order pipeline at 2.6x pre-COVID levels<sup>1</sup>

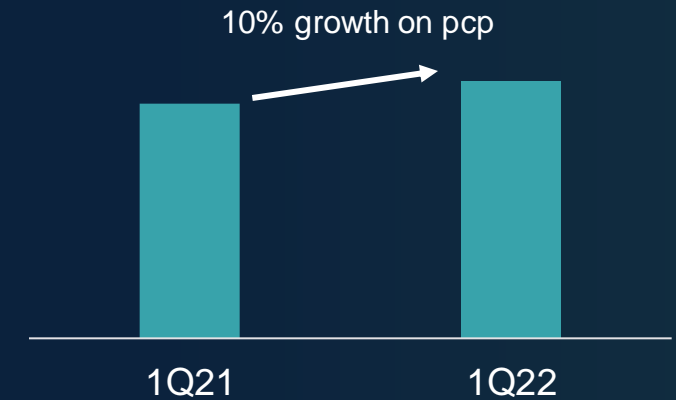
## Buy-back

\$51m of \$56m target buyback completed

22.5m shares purchased to date (6.9% of SOI)

Target capital returns of 55-65% NPATA, updated half yearly

## New business writings





# 4. Voting

**END**

