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ECLIPX GROUP 2023 ANNUAL GENERAL MEETING
OUTGOING CEO's ADDRESS

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

This announcement has been authorised by the Board of Directors.

ENDS

Authorised by:	**Investor enquiries**
Damien Berrell Chief Financial Officer and Company Secretary	Damien Berrell Chief Financial Officer and Company Secretary Damien.berrell@eclipx.com +61 4 5735 7041

ECLIPX GROUP 2023 ANNUAL GENERAL MEETING

OUTGOING CEO's ADDRESS

Thank you, Gail.

Let me start by thanking you and the entire team at our Group. I could not be more pleased with the outcomes that we have delivered over the last four years, and how strongly we are now positioned.

In that time, we have developed a very clear vision and direction for our Group. It has been simplified from ten unintegrated business units to one simplified business. We have upgraded our leadership team, divested six non-core businesses, removed excess costs, consolidated our core businesses and reinvested for future growth.

Through that whole period of Group restructuring, and against a COVID-19 backdrop, the business didn't miss a beat, highlighting its resilience.

Since 2019, we have delivered an average EPS growth rate of 73% per annum, de-risked our corporate balance sheet to a net cash position, and returned nearly $110 million to shareholders through our buy-back program.

Today, we have a very clear strategic direction supported by a highly engaged team, delivering strong customer win rates and record order pipelines that underwrite future asset and revenue growth.

Our strategy, Strategic Pathways, has been developed to generate sustainable growth and long-term value for our shareholders. The foundations are firmly in place, and we have seen some great early wins, as evidenced through our recent series of results.

The Group is led by the best operators in our sector, driving outperformance as well as a much stronger culture, record levels of employee engagement, and a stronger sense of community and social responsibility.

Let me turn to slide 12 of the presentation materials to talk through this in more detail.

Group business model—overview

Through the period of Group Simplification and COVID-19 disruption, the resilience of our business model has been tested and validated with its predictable, defensive returns profile.

While there are significant scale and underwriting barriers to our industry, the business model itself is really quite simple.

As you can see in the graphics here, we provide three solutions to our customers packaged as one simplified product. These solutions are vehicle-backed lease finance, in-life vehicle services and vehicle disposal at the end of the lease term.

The net revenue generated from each of the three solutions provides consistent, predictable financial outcomes, 60% of which comes from service-based revenue. This brings me to slide 13.

Predictable performance underwriting shareholder returns

Net operating income

This stability of our Group net operating income is reflected here in the top left-hand side. Over the last four years, it has grown at an average of 3.3% per annum, excluding our temporary over-earning in end of lease income. Strategic Pathways is designed to drive higher growth in this top-line over time, which Damien will talk about shortly.

Operating expenses

The chart on the top right-hand side highlights our operating expense profile, which has been stable and very well managed despite significant inflationary pressures in the market. As we expect to grow our asset book under Strategic Pathways, we have commenced the implementation of our Accelerate Program, designed to drive scalability through our cost base as the book grows. By mid-2025, we expect this program to reduce operating expenses by circa $6 million.

Net debt

One of the primary risks that faced the Group at the start of Simplification was the significant corporate debt burden, which came at a large interest cost. As you can see, the net debt balance has since been reduced from $256 million in 1H19 to a net cash balance of $26 million at September 2022. The consequence is a much lower corporate risk profile and a significantly lower corporate interest cost, which is additive to the overall NPATA of the Group.

NPATA

Combined, the net operating income growth profile, well-managed operating expense base and lower interest cost, has seen average NPATA growth of 12.8% per annum since 2019. This in turn drives our Group's EPS growth outcomes, which has seen significant expansion over the past four years.

Earnings per share

Turning over to slide 14, the Group's EPS growth has been impressive in recent years, expanding by an average rate of 73% per annum. The primary drivers of this growth include the execution of Simplification including balance sheet de-risking, margin expansion and cost discipline, as well as our more recent share buy-back program. The other major contribution has been end of lease income, which has seen some over-earning since the start of the COVID-led supply chain crisis.

As we have consistently flagged, this is a temporary phenomenon, and we expect this to return to long term levels of about $30 million per annum in the coming years.

The purpose of the chart at the bottom of this slide is to illustrate our EPS growth in each year if we hadn't over-earned on end of lease income. The growth outcome is still significant — an average 44% annualised growth rate in EPS over the last four years.

Going forward, we have great confidence in the four primary EPS growth drivers, outlined here on the bottom right of this slide. These include revenue growth from Strategic Pathways, permanent operating expense reduction from the Accelerate program, our ongoing share buyback program and potential acquisitions.

The foundations for each of these four primary EPS drivers are well developed, and will be very well implemented under the stewardship of a sector leading executive team and leader. With that, I will pass across to our incoming Chief Executive, Damien Berrell.

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