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ECLIPX GROUP 2023 ANNUAL GENERAL MEETING

INCOMING CEO's ADDRESS

In accordance with the Listing Rules, please see attached the address to be delivered by the incoming Chief Executive Officer of Eclipx Group Limited (ASX: ECX), Damien Berrell, 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

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INCOMING CEO's ADDRESS

Thank you, Julian.

As Julian pointed out, we have four primary drivers of EPS growth going forward. Let me start on slide 16 with the first EPS growth driver being our organic growth strategy, Strategic Pathways.

Strategic Pathways

To recap, Strategic Pathways is designed to grow new business in three under-penetrated target markets being; Corporate, Novated and Small Fleets. While we are only two years into execution, we have made strong foundational progress in each of our target markets, and we are now well positioned for asset growth.

The primary driver of asset growth, and therefore net operating income, is new business writings, which significantly exceeded our expectations against a difficult supply environment over the FY22 period—this performance is outlined on slide 17.

Our Australian fleet business out-performed in FY22, delivering 24% new business writings growth in the year. This included 64% growth in Australian small fleets, which already represents nearly 8% of our Australian new business writings. In New Zealand, we delivered 23% new business writings growth, and small fleets is now approximately 43% of New Zealand new business writings.

As a result, our fleet business in Australia and New Zealand has seen asset growth at very strong returns and combined these businesses contribute 95% of our group earnings.

Putting all of this together, we are very pleased with Strategic Pathways, and the foundations we have in place to build our assets, recurring revenue and ultimately EPS growth.

The second major driver of our EPS growth going forward is the Accelerate program, which is summarised on slide 18.

Accelerate program

The Accelerate program has four key deliverables which we expect to implement by September 2024. These deliverables will set the business up to leverage the growth being created by Strategic Pathways in order to maximise profitability.

The Accelerate deliverables include:

- Consolidating multiple brands into one, being FleetPartners. This ensures a clear and consistent go-to-market message for our customers;
- Simplifying our technology stack by moving to one operating system. This has the obvious benefits of reducing costs associated with running multiple systems;
- Standardising and automating processes on the back of simplifying our technology stack; and
- Finally, as a result of the first three deliverables, our team will focus on more value additive tasks leading to enhanced customer experiences and higher employee engagement.

We expect the project to cost $25 million and deliver a $6 million annualised reduction to our operating expenses. The project is 3 months into execution, and we have seen great progress, including the completion of our New Zealand re-branding and migration.

Turning to slide 19 and the third primary driver for EPS growth, our on-market share buy-back program.

Capital management

The on-market buy-back program was initially launched in the second half of FY21. Since that time, we have purchased and cancelled around 15% of shares on issue.

Assuming we complete the $21 million remaining for the FY22 buyback program at the 25 January closing price, that is equivalent to an illustrative share cancellation of 19% over approximately two years.

Furthermore, today's AGM Resolution 3 is seeking shareholders' approval to buy back up to an incremental 43 million shares in the next 12 months.

As a use of capital, the buy-back is preferred in the absence of a better alternative emerging. This might include a bolt-on acquisition or a larger sector merger, both of which remain firmly on our agenda in terms of alternative EPS growth opportunities.

Earnings per share

Slide 20 illustrates the potential EPS growth opportunities that our four primary growth drivers could deliver, including the contribution from Strategic Pathways, Accelerate, our capital management program, and potential acquisitions.

Before I hand back to Gail, I would like to provide an update on our 1Q23 performance and our FY23 expectations.

1Q23 business update

Moving onto slide 21, the 1Q23 operating environment saw strong levels of orders, with the Australian Fleet having the second strongest quarter of orders on record, while New Zealand experienced a record month of orders in December 2022. Customer demand including tender activity remains robust and included the retention of our two largest customers in Australia and New Zealand in October 2022.

Supply disruption from componentry shortages and shipping delays, was a serious challenge in 1Q23, driving a decline in new business writings versus 1Q22.

Strong orders in the face of supply constraints, meant the order pipeline increased from 2.7x to 2.9x pre-COVID-19 levels. This helps provide certainty to future new business writing and asset growth.

End-of-Lease (EOL) profit per vehicle has remained significantly elevated, although the volume of units sold were lower as a consequence of lower new business writings in 1Q23.

Finally, NOI pre EOL and provisions was down 3% pcp, driven by an expected increase in maintenance costs relative to pcp, where vehicle utilisation and maintenance costs were lower last year given COVID-19 disruption.

This is a good segue to slide 22 on our FY23 expectations.

FY23 expectations

In relation to NOI pre EOL, we expect FY23 to be broadly in line with FY22. The profile of these earnings is expected to be higher in the second half of FY23 as new business writings and assets grow.

Average EOL profit per unit was $7,433 in 1Q23, broadly in line with pcp. However, a supply-driven reduction in new business writings in 1Q23 resulted in a lower volume of vehicles being made available for end of lease sales in the quarter. While the first quarter EOL profit per unit was stronger than we had expected, we continue to expect used car pricing to temper over time as supply gradually normalises.

All other expectation items are unchanged to what we previously communicated at the FY22 results.

Therefore, the key message that I want to leave with you from this slide is that although 1Q23 has been impacted by timing related issues, the business in on track and we remain confident with our FY23 expectations as illustrated.

Concluding remarks

In closing, we are really pleased with the direction of our business. We have a very predictable, low risk earnings profile. Our balance sheet and liquidity position has never been stronger. Finally, we have a clear pathway to maintain long term EPS growth including Strategic Pathways, Accelerate, capital management and of course potential acquisitions, which will be one of Julian’s focus areas as we continue to work closely for the remainder of this year.

Eclipx has some great strategic opportunities in front of it, and our team is well placed to implement these. I feel privileged to be the incoming CEO, and I’m very excited about the strength and prospects for the Group now and in the future.