

Eclipx AGM, 11 February 2019. Chairman's Speech

Good Afternoon Shareholders and welcome to the Eclipx Group 2019 AGM.

Merger with McMillan Shakespeare

On 8 November 2018, we announced Eclipx Group had entered into a Scheme Implementation Agreement with McMillan Shakespeare Limited (MMS), for a merger that is proposed to be implemented by MMS acquiring all shares in Eclipx.

The two companies see compelling industrial, financial and strategic reasons for this merger which represents a unique and attractive value proposition for our respective investors. Excluding any synergies, this merger is expected to be EPS accretive to MMS in the first full year following completion. Synergies are currently being re-examined.

The Eclipx Board unanimously endorses this merger proposal, which remains subject to Court and Eclipx shareholder approvals, conditional upon an independent expert concluding it is in the best interests of Eclipx shareholders. The terms of this merger are Eclipx shareholders will receive 0.1414 MMS shares plus 46 cents cash for each Eclipx share held on the date of settlement.

Our exchange of information with MMS continues and we remain committed to agreeing the content of and finalising the Scheme Book for presentation to our shareholders. We are keeping shareholders informed and it's our objective to announce a revised timetable as soon as the contents of the Scheme Book are agreed with MMS.

FY 2018 Outcome

The Eclipx Group in FY18 grew Net Operating Income 27% to \$325.3 million and increased Group Net Profit After Tax adjusted for Amortisation and One-off Costs (NPATA) by 14% to \$78.1 million. While this is not the result we were hoping to report when we met here last year, I regard this as a solid earnings performance in challenging conditions.

Our core portfolio of businesses that provide vehicle mobility solutions to support the day-to-day commercial transport needs of a range of businesses and governments were, and continue to be, particularly resilient in these conditions.

I'd like to call out some key points from FY2018:

- We achieved profitable growth across all businesses, including a strong performance in the core Australian commercial and fleet business where New Business Writings rose 6% to \$696m;
- Vehicles Under Management or Financed was 117,060 at year end, an increase of 8% on the prior financial period;
- Cash earnings per share was down 2% to 24.7 cents; and
- We paid 16.0 cents in dividends, up 4.9% on last year.

Doc Klotz will shortly elaborate more on these businesses in his presentation.

Governance

We are dedicated to providing a robust stewardship of the Eclipx businesses and to deliver sustainable long-term growth while operating in an ethical and transparent way. We apply our Code of Conduct equally to all directors, employees, contractors and consultants.

Our people are a top priority, and we offer an inclusive work environment and provide extensive programs and initiatives to support staff learning, development and advancement, diversity and gender equality, volunteering in the community, charitable endeavours and refugee employment.

We are committed to contributing to the communities in which we operate. Our people are encouraged to partner with community organisations as volunteers with Eclipx providing support through the provision of vehicles at no cost, to charitable organisations. We launched paid volunteering leave for employees in May 2018, and more than 460 hours were volunteered by Eclipx employees by the end of the financial year.

We also have a number of initiatives to help reduce our environmental impact and climate risk, including a partnership with the Clean Energy Finance Corporation that aims to increase the uptake of low emissions vehicles across Australia. We have now financed more than \$48 million worth of vehicles in our clean energy funding facility, since its establishment in 2015.

Remuneration

The Board has reviewed key elements of the remuneration framework that was established prior to listing in 2015, and has determined to introduce the following changes, effective from this financial year:

- Introduction of STI deferral commencing for awards made in respect of FY19 performance;
- Removal of retesting for the tranche of LTI relating to TSR performance in respect of all new LTI grants; and
- Revising the definition of the change of control trigger as it applies to the LTI Plan from 30% to 50%.

I should also mention that no short-term incentives were paid to the key management personnel last year due to a failure to meet the gateway of a minimum of 95% of the group's profitability target.

Conclusion

Finally, I would like to take this opportunity to thank my fellow directors, our management and our outstanding teams at Eclix across Australia and New Zealand for their dedication and their commitment, and for their enthusiasm and their passion that have never wavered. I am proud of the business we have built together, and of the results we have achieved.

Fellow shareholders, your Board was delighted to present its 2018 Annual Report to you for your consideration at this meeting.

I will now ask Doc Klotz, the Managing Director and Chief Executive Officer, to provide his review.