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Eclipx Group Limited | ABN: 85 131 557 901

19 February 2021

**ASX Release**

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

**2021 ECLIPX GROUP 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 Limited

## 2021 Annual General Meeting

19 February 2021

The logo for fleetplus, featuring a white circle with a plus sign inside, followed by the text "fleetplus" in a lowercase, sans-serif font.The logo for FleetPartners, featuring a white circle with a stylized 'P' 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.



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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

2021

1 Chairman's welcome

2 Chairman's address

3 Chief Executive Officer's address

4 Voting

# 1. Chairman's welcome

# Board and Executive team

## Board of Directors



**KERRY ROXBURGH**  
Chairman and Independent  
Non-Executive Director since  
March 2015



**GAIL PEMBERTON**  
Independent Non-Executive  
Director since March 2015



**TREVOR ALLEN**  
Independent Non-Executive  
Director since March 2015



**RUSSELL SHIELDS**  
Independent Non-Executive  
Director since March 2015



**LINDA JENKINSON**  
Independent Non-Executive  
Director since January 2018

## Executive team



**JULIAN RUSSELL**  
Chief Executive Officer



**BEVAN GUEST**  
Chief Commercial Officer



**DAMIEN BERRELL**  
Chief Financial Officer



**DOM DI GORI**  
Group Treasurer



**ZOE HUGGINSON**  
Head of People & Culture



**RUSSELL WEBBER**  
Managing Director NZ



**JONATHAN SANDOW**  
Group Finance Director



**BART HELLEMANS**  
Chief Risk Officer



**HARRY NAKICHBANDI**  
Chief Information Officer



**MATTHEW SINNAMON**  
General Counsel



**JAMES ALLAWAY**  
Chief Strategy Officer



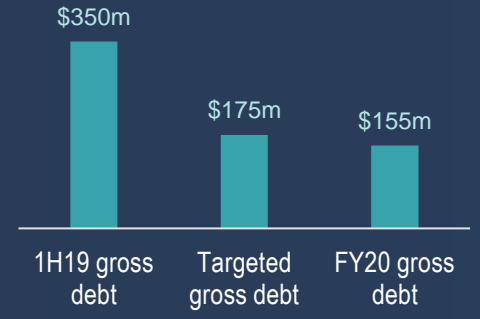
## 2. Chairman's address

# Simplification completed one year ahead of plan



1 Non-Core divestments

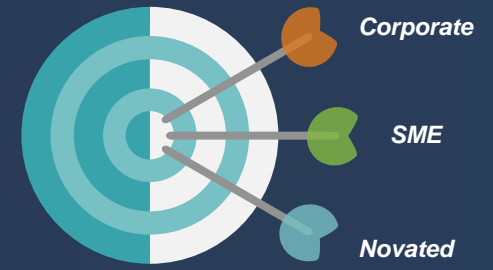
2 Strengthened balance sheet



Run-rate opex  
**\$84.0m**  
Reduced by >\$15m since FY19

3 Cost optimisation

4 Investment in sustainable Core growth



# FY20 highlights

1



## GROWTH IN EARNINGS

REFLECTS BUSINESS DEFENSIVE QUALITIES

2

↑ c.70%

Increase in available liquidity in the last six months

3

↓ c.47%

Decrease in corporate net debt in FY20

4



## SIMPLIFICATION COMPLETED

ONE YEAR AHEAD OF SCHEDULE

5



## FOCUS ON PROFITABLE GROWTH THROUGH THREE TARGET MARKETS

CORPORATE | NOVATED | SME

“STRATEGIC PATHWAYS”

(\$m unless specified)	FY20A	FY19A	Var (+/-)
<b>Core income summary</b>			
NOI (pre-provisions) <sup>1</sup>	174.1	173.8	+0.2%
EBITDA <sup>2</sup>	85.4	81.9	+4.3%
NPATA	47.5	46.5	+2.2%
<b>AUMOF &amp; NBW</b>			
AUMOF (\$bn)	2.0	2.1	(4.1%)
NBW	690 <sup>3</sup>	761 <sup>4</sup>	(9.3%)
<b>Balance sheet</b>			
Gross debt	155	286	(45.7%)
Net debt	99	189	(47.3%)
Net debt to EBITDA <sup>5</sup>	1.10x	3.03x	1.93x
Available liquidity <sup>6</sup>	181 <sup>7</sup>	106 <sup>6</sup>	70.1%

Notes:

1. NOI pre-provisions represents Net Operating Income and EOL income, but before credit and fleet impairment provisions
2. EBITDA pre AASB 16 adoption
3. Includes \$61m of proactive and incremental targeted extensions deliberately executed due to COVID environment in 2H20; Excludes \$4m of lower profitability panel business given 100% of panel business has been run off as at 30-Sep-20
4. Excludes \$25m of lower profitability panel business given 100% of panel business has been run off as at 30-Sep-20
5. Adjusted net debt (includes other financial indebtedness) to adjusted EBITDA as reported to ECX lenders for covenant reporting
6. Available liquidity 2H20 vs 1H20
7. Includes \$56m of unrestricted cash and cash equivalents plus \$125m of available revolver capacity

### 3. Chief Executive Officer's address

# Business update—key messages

## 1Q21 performance

NOI and NPATA before EOL predictable and consistent with expectations

## EOL profitability

Material outperformance versus expectations given strong, but temporary, used car market conditions

## New business writings

Growing quarter on quarter but constrained by the global supply-shortage in new cars

## Credit loss experience

No emergence of COVID-induced loss experience but remain cautious on post stimulus roll-off

## 1Q net corporate debt

Net debt of \$79m, down from \$172m in 1Q20

## Strategic Pathways

Corporate: Roll-out of market leading UX enhancements

Novated: End to end digital origination roll-out in this quarter

SME: Two new distribution partners added

# 1Q21 update—Expectation analysis

	FY20A (incl. all stranded costs)	FY21 (expectation)	Cash item	1Q21 update
Core NOI pre end of lease income & provisions	\$140.8m		✓	<ul style="list-style-type: none"> <li>No guidance provided, but 1Q21 has been predictable / consistent with expectations</li> <li>NBW remains below pre-COVID levels, but growing QoQ<sup>1</sup></li> </ul>
Core end of lease income	\$33.3m		✓	<ul style="list-style-type: none"> <li>Prices in used market are materially elevated</li> <li>Price rationalisation expected with when new car inventory is re-supplied by 3Q21 (Jun-21)</li> </ul>
Core provisions	(\$4.8m)		✗	<ul style="list-style-type: none"> <li>Subject to no further deterioration in macroeconomic conditions, provisioning expected to be lower than FY20</li> </ul>
<b>NOI</b>	<b>\$169.3m</b>			
Operating expenses (pre AASB 16)	(\$87.7m)	(\$84.0m)	✓	<ul style="list-style-type: none"> <li>Run-rate operating expenses on track</li> </ul>
<b>EBITDA (pre AASB 16)</b>	<b>\$81.6m</b>			
Depreciation	(\$2.7m)	(\$2.5 – 3.0m)	✗	<ul style="list-style-type: none"> <li>Run-rate depreciation on track</li> </ul>
Share based payments	(\$6.0m)	(\$4.0 – 5.0m)	✗	<ul style="list-style-type: none"> <li>Run-rate SBP on track</li> </ul>
Interest on corporate debt	(\$14.9m)	(\$10.0 – 11.0m)	✓	<ul style="list-style-type: none"> <li>Tracking marginally ahead of expectations with higher than expected organic capital generation and a continued to pay down corporate debt during 1Q21</li> </ul>
Tax	(\$17.0m)	29 – 30% (tax rate)	✓	<ul style="list-style-type: none"> <li>No cash tax expected to be paid given eligibility for instant asset write off on operating leases, therefore no franking credits being created</li> <li>Based on stat earnings contribution from Australia and New Zealand</li> </ul>

Notes:

1. 1Q21 vs 4Q20

# Association of supply shortage with New business writings and EOL

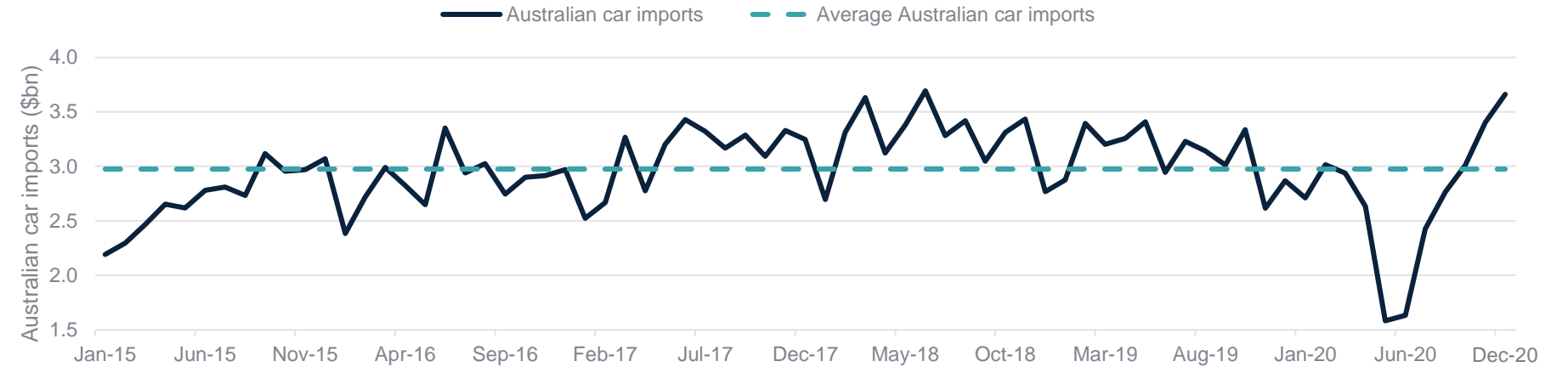
## 1Q21 new business writings (NBW)—Corporate & Novated

- Run-rate growth relative to 2H20, but not yet back to pre-COVID levels
- Order conversion to NBW constrained by supply shortages
- Delays resulting in more in-force leases being put into extension while the client waits for new cars (leases remain on foot with ECX)

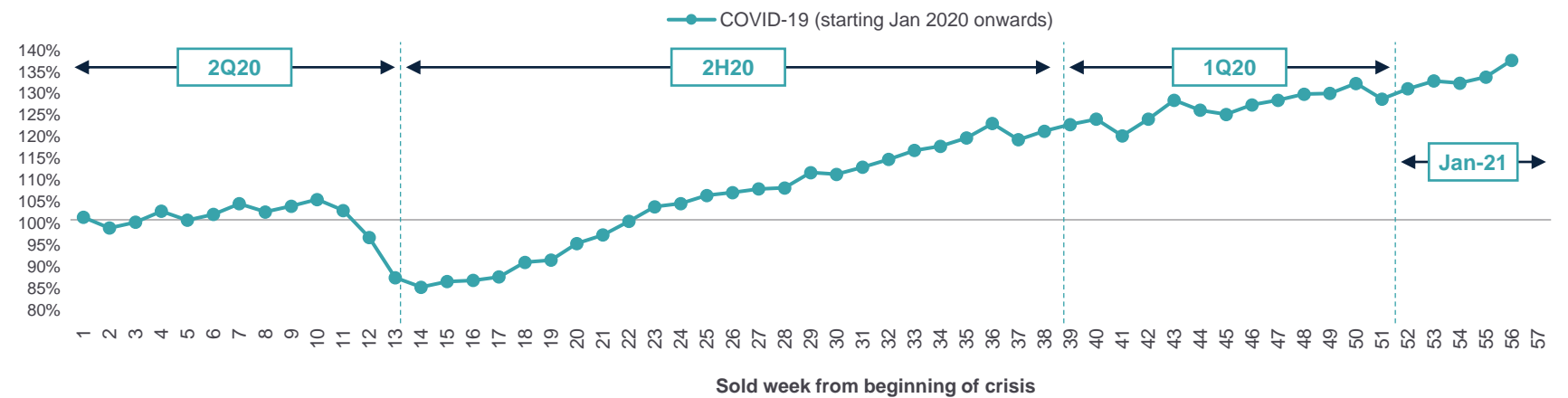
## End of lease (EOL)—1Q21 strong

- Strong first quarter reflecting elevated used pricing
- Temporary phenomenon given health crisis combined with supply constraints
- Longer term used car pricing will rationalise, likely with the restoration of new car supply
- RV's continue to be set with regard to pre-COVID prices, not current pricing

## New car imports—2015 – 2020<sup>1</sup>



## Used car price outcomes—Weekly used car price index<sup>2</sup>

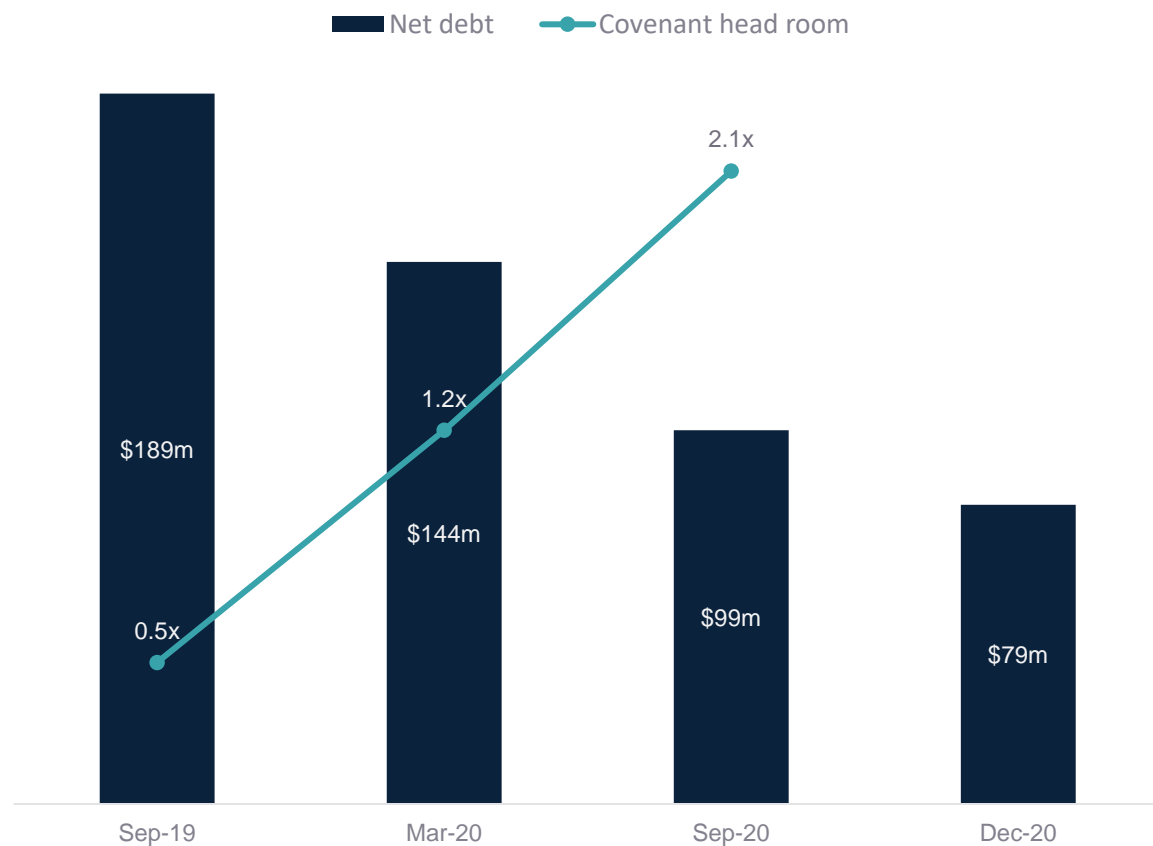


Notes:  
 1. Australian Bureau of Statistics  
 2. Datium insights

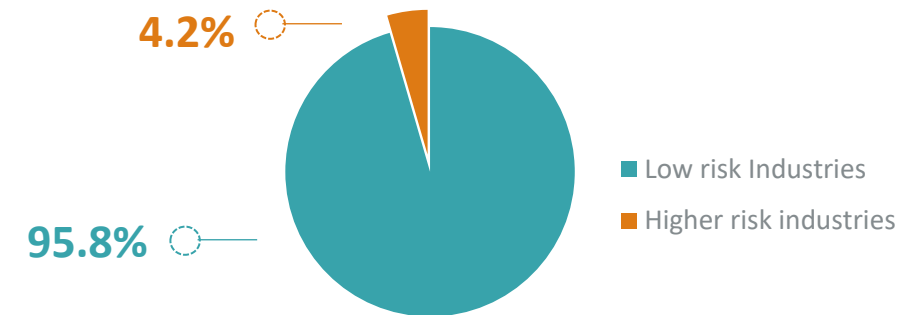
# 1Q21 update—Balance sheet stability

Eclix balance sheet remains stable due to its low risk portfolio, increased covenant headroom and substantially decreased forbearance activity

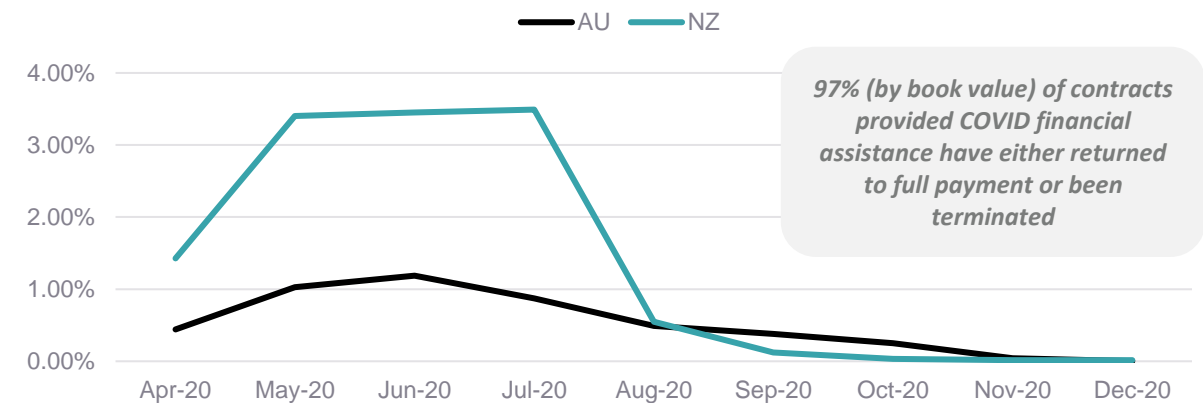
## Net corporate Debt—De-gearing leverage (Net Debt to adjusted EBITDA<sup>1</sup>)



## Portfolio exposure



## COVID financial assistance portfolio (% of funded assets<sup>2</sup>)

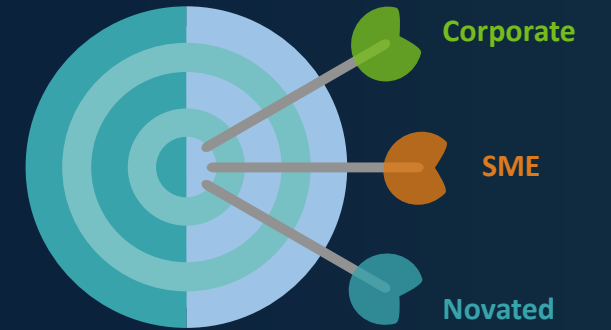
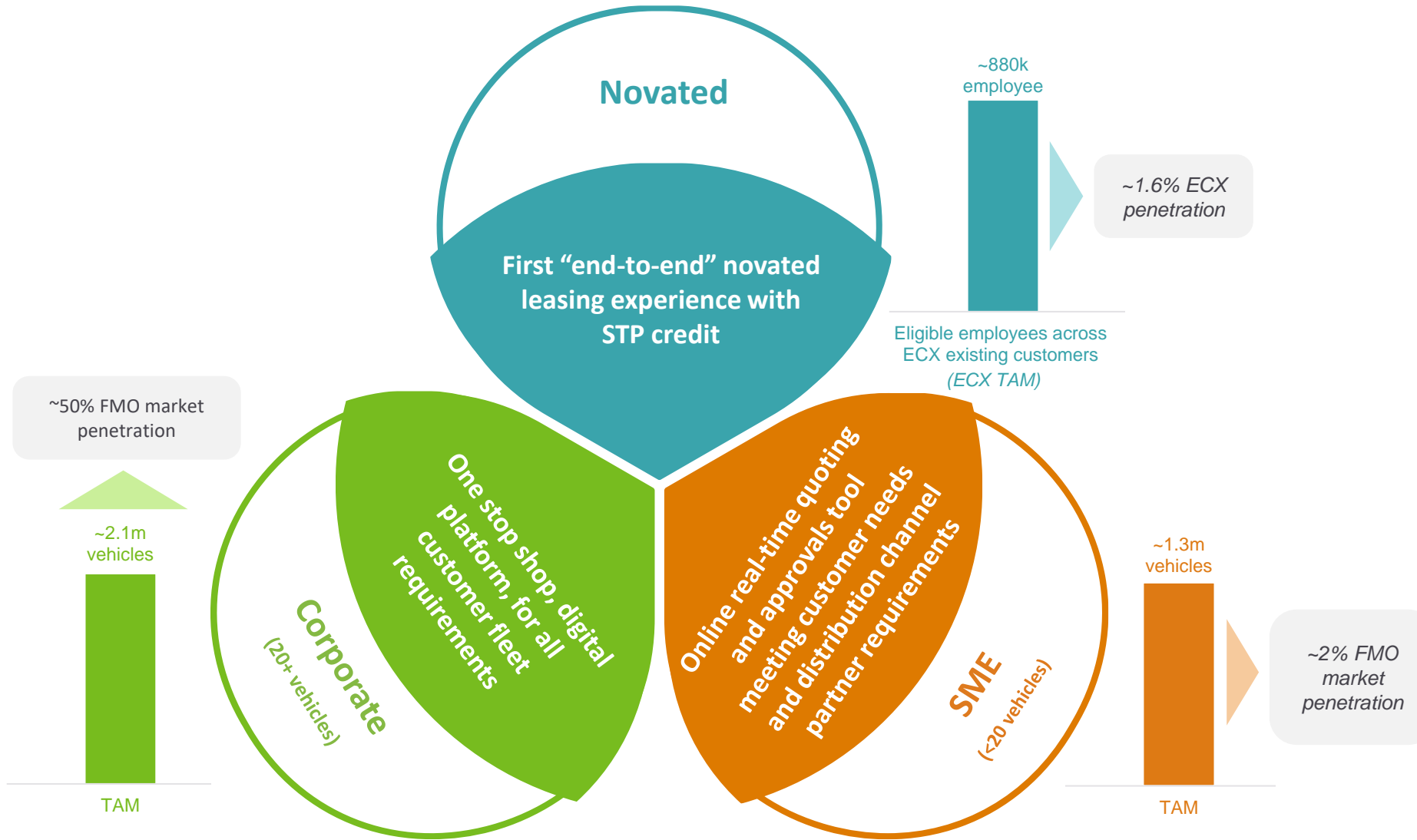


Notes:

1. September-19 and March-20 included contribution from Non-Core earnings and adjustments allowed by the facility agreement. Changes to ECX facility documents in May-20 permanently removed Non-Core earnings from the September-20 leverage assessment. Leverage based on adjusted net debt (includes other financial indebtedness) to adjusted EBITDA as reported to ECX lenders for covenant reporting
2. Excludes NZ equipment finance portfolio, which is currently in run-off

# Core refocus—Strategic Pathways

The Group is focussed on delivering its Strategic Pathways—profitable growth through its three target markets



## Strategic Priorities

1. Above market growth in corporate NBW
2. Penetration of existing novated employee base and expansion of TAM
3. SME distribution partnerships via digital platform and continued scorecard refinements

Source: Corporate and SME data sourced from AFMA Corporate Fleet Insights and does not include New Zealand; Fleet management organisation (FMO)



# Outlook

## 2021

1 Solid Q1FY21 performance

2 Implementation of Strategic Pathways progressing

3 Technology-driven distribution enhancements into each target market

4 Disciplined approach to assessing sector consolidation alternatives

5 Group will continue to de-lever ahead of capital management initiatives in FY22

# 4. Voting

**END**

