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Eclipx Group Limited | ABN: 85 131 557 901

ASX Release

20 August 2018

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

ASX Release

Eclipx Group rejects non-binding indicative proposal from SG Fleet

Eclipx Group Limited (Eclipx) confirms that it has received an unsolicited, non-binding and indicative proposal from SG Fleet on Sunday, 19 August to acquire all of the shares in Eclipx by way of a scheme of arrangement.

The proposal (attached to this release) is highly conditional and includes significant commercial, due diligence and financing conditions.

The proposed consideration of \$2.00 cash and 0.15 SG Fleet shares per Eclipx share, currently values Eclipx at \$2.52 per share, a premium of 17.8% to Eclipx's last closing price of \$2.14 on Friday, 17 August. The Eclipx Board has considered the proposal and concluded that the terms, in particular the price, were inadequate and not in the best interests of shareholders. The Eclipx Board has therefore rejected the proposal.

The Eclipx Board are committed to maximizing value for shareholders. The Board believes that the current share price does not reflect the long term value of the Eclipx Group, its underlying assets, its growth prospects and its operating leverage.

The Board had already commenced a strategic review to evaluate the strategic merits of alternative customer orientated initiatives and various corporate actions available to the group with the view to unlocking value for shareholders. This includes consolidating the leadership of our industry leading Australian fleet businesses and the appointment of a chief operating officer at Right2Drive.

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Commenting, the Eclipx Chairman Kerry Roxburgh said, "The SG Fleet proposal is highly opportunistic and seeks to take advantage of the current weakness in Eclipx Group's share price. It does not reflect the long term prospects and value inherent in Eclipx Group nor synergies available in any industry combination."

Eclipx Group will keep shareholders informed of any further developments.

The company intends to retain UBS AG and Herbert Smith Freehills to advise it in relation to this matter.

ENDS

Investor enquiries

Eclipx Group:

Head of Business Strategy and Investor Relations – Jason Muhs Jason.muhs@eclipx.com

Deputy CEO & Chief Financial Officer – Garry McLennan: garry.mclennan@eclipx.com

Media enquiries

Domestique: Alan Jury +61 (0) 418 833 149

About Eclipx

Eclipx Group Limited (ECX) is a leading provider of fleet, equipment leasing and management, vehicle rentals and on-line auction services to corporate, SME and consumers in Australia and corporate and SME customers in New Zealand.

As at 31 March 2018 Eclipx managed or finance 112,083 vehicles with A\$2.3 billion in assets under management. It operates in Australia and New Zealand under nine primary brand names, "FleetPartners", "FleetPlus", "CarLoans.com.au", "Georgie", "areyouselling.com.au", "FleetChoice", "AutoSelect", "Right2Drive" and "GraysOnline".

SG Fleet Group

Integrated Mobility

August 19, 2018

Mr. Kerry Roxburgh
Chairman
Eclix Group Limited
L32, 1 O'Connell Street
Sydney, NSW 2000
AUSTRALIA

Dear Kerry

RE: CONFIDENTIAL, INDICATIVE, NON-BINDING AND CONDITIONAL PROPOSAL TO ACQUIRE 100% OF ECLIPX GROUP LIMITED

Introduction

On behalf of SG Fleet Group Limited (**SG Fleet**), I'm pleased to submit this confidential, indicative, non-binding and conditional proposal (the **Indicative Proposal**) to acquire 100% of the issued share capital of Eclix Group Limited (**Eclix** or the **Company**) by way of an Eclix scheme of arrangement (the **Proposed Transaction**).

The Indicative Proposal is for \$2.00 cash plus 0.15 SG Fleet shares per Eclix share, which currently values Eclix at approximately \$2.52 per share¹ (the "**Proposed Consideration**"). This represents a significant premium to recent trading levels and a 34% premium to the 9-day volume weighted average price (VWAP) of \$1.8874 per Eclix share, calculated with reference to the Company's revised FY18 NPATA Guidance and Market Update on 6 August 2018.

The combination of SG Fleet and Eclix's capabilities and presence across Australia and New Zealand are highly complementary and will create the leading fleet leasing and management company in the region.

Each of our respective companies has been built on the fundamentals of providing exceptional products and services to our long-standing customers. We have great respect for Eclix and believe SG Fleet offers a compelling opportunity for Eclix and its team members.

¹ Based on SG Fleet's closing trading price of \$3.49 per share on 17 August 2018.

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1. About SG Fleet

SG Fleet is a leading international mobility solutions provider, specialising in fleet management, leasing and salary packaging services. We have a presence across Australia, New Zealand as well as in the United Kingdom, employ over 700 staff, and manage over 140,000 assets. SG Fleet has over 20 years of experience in providing leasing and fleet management services in the ANZ region, serving over 2,000 customers. SG Fleet has a strong position in the marketplace, built on the experience of its team, world-class products, and excellence in customer service. SG Fleet's extensive and successful history of undertaking acquisitions positions us strongly to move expeditiously to consummate a transaction.

2. Strategic Rationale

Our Indicative Proposal for Eclipx is an important continuation of our strategic commitment to be the leading provider of leasing, fleet management and salary packaging services in Australia and New Zealand. We believe consolidation in the Australian and New Zealand leasing and fleet management sector is inevitable and that Eclipx is an excellent strategic fit with SG Fleet. We believe the combined business will benefit from best of breed systems, capability, product offering, and personnel. In addition the combined entity will benefit from significant economies of scale across Australia and New Zealand, including through procurement and supply and solidifying a leading industry position.

3. Indicative Proposal

We believe the Indicative Proposal presents a compelling value proposition for Eclipx shareholders. The Proposed Consideration of \$2.52 per share represents a significant premium to recent trading levels and a 34% premium to the 9-day volume weighted average price (VWAP) of \$1.8874 per Eclipx share, calculated with reference to the Company's revised FY18 NPATA Guidance and Market Update on 6 August 2018.

Given the industrial logic of combining these two businesses, and including our preliminary view of potential synergies, we believe the Proposed Transaction will be value-accretive to SG Fleet shareholders over time.

The Proposed Consideration represents an implied fully diluted equity value of approximately \$818 million. All amounts are in Australian dollars (unless otherwise stated).

In developing this Indicative Proposal, SG Fleet has relied on publicly available information and a number of assumptions, including but not limited to the following:

- the business will continue to trade in the ordinary course and there will be no material changes to the operations of Eclipx until completion of the Proposed Transaction;

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- there will be no dividends or capital returns paid by Eclipx prior to the completion of the Proposed Transaction. If Eclipx pays a dividend or a capital return, the Proposed Consideration will be reduced by the amount of the dividend or capital return;
- there will be no more than 324,789,717 ordinary shares outstanding on transaction close (on a fully diluted basis);
- other than as already publicly disclosed by Eclipx, there are no material off-balance sheet liabilities, underestimated liabilities, undisclosed material contingencies or liabilities, or pending and/or outstanding litigation processes, or other liabilities due to non-compliance with law;
- there are no material break fees or make-whole payments associated with the repayment of principal or any debt facilities, leases or other obligations which may be triggered by implementing this Indicative Proposal (including at the discretion of Eclipx's lenders);
- Eclipx is not in breach of any financing arrangements or material contracts; and
- key management team members (the **Key Employees**) as identified by SG Fleet, will continue to be employed by the Company for such duration, as determined by SG Fleet, following transaction close, subject to the terms of each applicable employment agreement, or as varied by mutual agreement between SG Fleet and the key employee prior to transaction close.

4. Financing

SG Fleet proposes to fund the acquisition with a combination of cash and SG Fleet shares issued to Eclipx shareholders. The cash will be funded through a combination of:

- available cash on balance sheet;
- incremental debt (from available capacity under existing and/or new debt facilities); and
- a rights issue via a pro-rata equity entitlement offer to all SG Fleet shareholders.

5. Due Diligence

Our due diligence process will be conventional in nature, and in many respects, less onerous than other potential buyers given our expertise in the sector and deep understanding of Eclipx's business. SG Fleet has substantial expertise in evaluating potential acquisition opportunities and effectively integrating franchises with minimal disruption to customers.

In order to progress our Indicative Proposal to a binding offer, we require access to management, company information, data tapes and further information, to be determined on a strictly confidential basis to complete a short and focused due diligence exercise. We believe we can complete due diligence within a four (4) week timeframe (the **Due Diligence Period**).

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We have appointed Merrill Lynch as our financial adviser and Gilbert + Tobin as our legal adviser. We expect to make further appointments and have all appointments finalised prior to the commencement of the Due Diligence Period.

We would intend to negotiate a Scheme Implementation Arrangement (**SIA**) during the Due Diligence Period so that we are in a position to announce the Proposed Transaction at the end of the Due Diligence Period.

6. Conditions

Our Indicative Proposal is subject to a number of conditions including, but not limited to:

- full and satisfactory completion of due diligence;
- formalisation and confirmation of required equity and debt financing on terms acceptable to SG Fleet;
- mutual agreement of required transaction documentation containing customary terms including a unanimous recommendation from Eclipx's Board, all necessary regulatory, shareholder and court approvals, no material adverse change in relation to Eclipx, no prescribed occurrences other than as disclosed in due diligence and standard deal protection measures; and
- final approval from the Boards of SG Fleet and Super Group.

7. Key contacts

The principal contacts in relation to this Indicative Proposal, together with their contact details are:

Robbie Blau
Chief Executive Officer
SG Fleet Group Limited
m: +61 415 756 630
e: rblau@sgfleet.com

Joseph Fayyad
Managing Director & Head of Investment Banking
Merrill Lynch Markets (Australia) Pty Limited
m: +61 409 799 577
e: joseph.fayyad@baml.com

8. Confidentiality

This Indicative Proposal is an expression of our interest reflecting current intentions only. It is not to be construed as, nor is it intended to be, a legally binding offer capable of acceptance, and it does not constitute a proposal to make a takeover bid for the purposes of section 631 of the Corporations Act. It represents a confidential, preliminary, conditional, incomplete and non-binding proposal. Accordingly, we consider this Indicative Proposal meets the requirements of the ASX Listing Rule 3.1A and does not require ASX disclosure by Eclipx.

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The creation of any legally binding obligations in relation to the Proposed Transaction will be subject to, among other things, completion of due diligence to our satisfaction and the negotiation and execution of mutually satisfactory definitive transaction documentation.

To the extent Eclipx determines this Indicative Proposal does requires ASX disclosure, we kindly ask that you inform us within a reasonable period ahead of time so we can prepare any consequential disclosure that may be required by us at that time.

9. Governing Law

This letter is governed by the laws of New South Wales, Australia.

We believe that this Indicative Proposal presents a very attractive proposition and delivers substantial value and certainty to Eclipx shareholders. We look forward to continuing to work with you in a collaborative manner towards the successful conclusion of the Proposed Transaction.

Please feel free to contact me or any of the key contacts noted above at any time. We look forward to engaging with you on the Proposed Transaction.

Sincerely yours,



Mr. Andrew Reitzer
Chairman
SG Fleet Group Limited
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