

Eclipx AGM, 11 February 2019. CEO Speech

It's my pleasure to be here today to brief you on our accomplishments in 2018, to talk about how we are responding to some challenges encountered, and to provide an update on our performance to date in 2019.

Kerry has already taken you through our FY18 financial performance.

In reviewing 2018 let me start by saying Eclipx has a robust business model that incorporates long-term relationships with a broad and diverse customer base comprising large and small corporate and government businesses.

Our core businesses of fleet management & leasing, novated leasing and online vehicle auctions continued to perform strongly.

Our group New Business writings surpassed \$1 billion the first time last year, growing 11% to \$1.1 billion, while our Assets Under Management or Finance rose 9% to \$2.43 billion.

GraysOnline and Right2Drive began to experience some adverse business conditions during the year that caused us to revise our previous growth assumptions.

Although vehicle auctions via GraysOnline continued to grow, up 17% vs. prior year, a decade-low rate of bank-initiated insolvencies in Australia and a buoyant construction sector that is prolonging the in-use life of plant and equipment in infrastructure projects reduced the pipeline of auction volumes from these sources.

We are responding by right-sizing the cost base of Grays to better reflect the subdued insolvency and industrial auction volumes and we believe we will be well placed to benefit when conditions improve.

Right2Drive increased hires in 2018 by 28% but was negatively impacted by the lack of inclement weather, as well as by increased competition from some insurers that began to offer accident replacement vehicles. Our response was to strategically reposition

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Right2Drive by expanding its reach into the consumer and corporate direct car rental markets, as well as take steps to improve our operating efficiency to allow us to grow this business without having to draw on additional funding.

Before I move to the outlook, I'd like to take a step back and formally recognise the team that had the vision, the energy and the tenacity to form and build the Eclipx we see today. Eclipx has been a highly innovative, unique, and truly customer centric asset management company.

We have established ourselves as a leader in fleet leasing and have evolved in the past few years to include consumer services, commercial equipment finance, short-term vehicle rental, and online auction services.

Since the beginning, we have recognised that the combination of innovation, treasury capability, and people could bring about a new asset management company that could change the industry landscape.

Customer satisfaction has always been a key enabler of our business. There are undeniable links between having a high net promoter score and financial performance.

You can see our commitment to customers in our record of strong retention. We never take this for granted and continue to drive efficiency and seek to deliver market-leading services while also identifying value add solutions.

We have held the vision to build an integrated asset and services business. We knew there were synergies across the value chain. And we knew the integrated offerings would enhance customer service and our earnings.

This slide shows how we have vertically integrated our business building a competitive strength and enabling Eclipx to provide compelling value propositions to our customers while driving multiple income streams throughout the life cycle of assets.

We understand that our people are our greatest strength, and our most enduring asset. Our commitment to employee engagement has always been a top priority. We continue to confidentially survey our employees annually and we use the feedback to help prioritise initiatives.

We are committed to providing an inclusive work environment for our diverse employee group, regardless of gender, age, religious or cultural background, sexual orientation or gender identity.

I am particularly proud of one achievement – that being Gender pay neutrality. Many companies speak about striving to achieve this- we have accomplished it.

I am also pleased to announce that last week we inducted our first seven graduates under the Eclipx Group Graduate Program; this program was nearly a year in the making. We launched our Graduate program to develop emerging talent and foster diverse thinking.

Looking forward. Our core Fleet and Novated businesses continue to grow and perform well, as does the Grays Auto auction business.

Grays Auto will benefit from higher volumes, as more fleet vehicles come to end of lease and the group will benefit with enhanced revenue and optionality.

Right2Drive is beginning to see benefits from our diversification strategy mentioned earlier.

We are also repositioning our consumer business to focus on bringing the three distinct services we offer into a single customer experience. Those services include New car buying - which leverages our group scale and saves consumers time and money, Car finance, and our Used car buying service where we take the hassle out of selling your used vehicle. The services I've outlined are the smallest part of the Eclipx portfolio, but we see a tremendous value proposition and good growth prospects post the repositioning.

We recently advised the market that we expect to achieve single digit growth in our NPATA this year, on an accounting like-for-like basis. Had two new accounting standards that have been adopted for this financial year been applied last year, the 2018 net result would have been an NPATA of \$73.1 million versus the \$78.1 million NPATA we reported in FY18 under the old accounting standards.

We also advised we expect a higher than normal seasonal skew in our earnings, with the second half of the year to reflect benefits from expected growth in areas such as Grays Auto and R2D as well as cost initiatives implemented progressively during first half of this year, and continuing into the second half. The repositioning of our Consumer segment that I spoke of, permanently takes costs out of what has been three separate areas. The overall lowering of our cost base is an ongoing exercise that we expect to provide benefits beyond this year.

1H FY19 NPATA is currently expected to be approximately 40% of the full FY19 NPATA due to softness in parts of Consumer and continued subdued conditions in the Insolvency & Industrial auction market that we have experienced in the first quarter of FY19. For more information, I refer you to our recent market release from 29th of January 2019.

In closing, on behalf of everyone at Eclix, I would like to thank you, our shareholders, the Board of Directors, my fellow employees and our customers for your continued support.