



Eclipx Group Limited 2020 Annual General Meeting

Agenda

Agenda

1. Chairman's Welcome, Introduction of Board and Management
 2. Chairman's address
 3. Chief Executive Officer's address
 4. Voting
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1. Chairman's Welcome, Introduction of Board and Management

Introduction of Board and Management

Board



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 26 March 2015



RUSSELL SHIELDS
Independent Non-executive Director since 26 March 2015



LINDA JENKINSON
Independent Non-executive Director since 4 January 2018

Renewal of the Executive Team



JULIAN RUSSELL
Chief Executive Officer



BEVAN GUEST
Chief Commercial Officer



RUSSELL WEBBER
Managing Director – New Zealand



JASON MUHS
Chief Financial Officer (Acting)



JODI SAMPSON
Head of Human Resources (Acting)



JAMES ALLAWAY
Head of Strategy, M&A & Restructuring



JONATHAN SANDOW
Group Finance Director



MATTHEW SINNAMON
General Counsel



DOM DI GORI
Treasurer



EDWARD HO
Chief Risk Officer

2. Chairman's address

3. Chief Executive Officer's address

Business update

Positive momentum and progress

Key messages

1. Emergence of core positive jaws in 1Q FY20 result¹
2. Non-core divestments have progressed ahead of initial timetable objective; Right2Drive and CarLoans are progressing
3. Gross corporate debt reduced from \$350m to \$240m²
4. Execution of cost optimisation is progressing in line with expectations
5. Group focus on product and market development across corporate, mid- and SME market

Notable matters

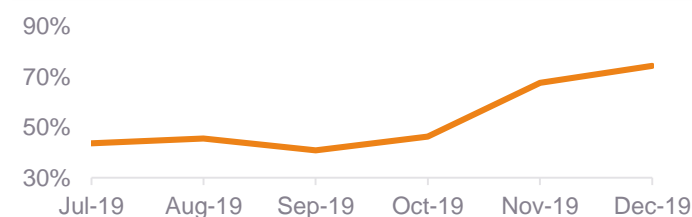
Immaterial exposure to changes in insurance commissions

Right2Drive and CarLoans on track for sale in FY20

Proceeds of asset sales, treasury activities and business initiatives applied to corporate debt repayment

45% cost to income target by exit FY21

FleetPartners—STP credit³



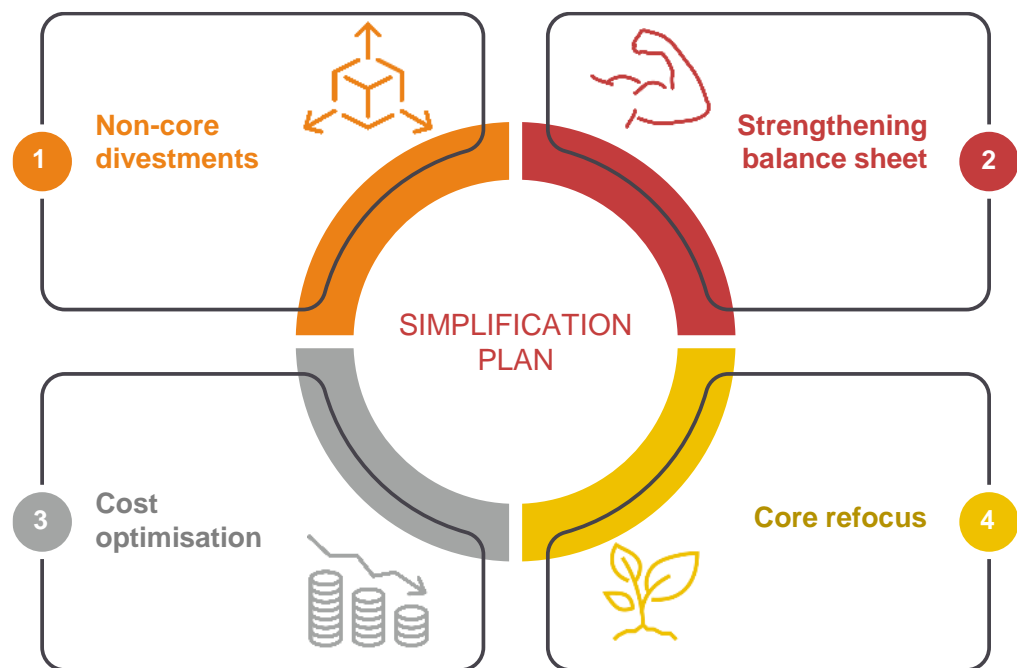
Notes:

1. Unaudited result—positive jaws being NOI growth and cost reduction in the core fleet business versus prior comparative period
2. See slide 10 for detail
3. Straight-through novated lease credit processing for FleetPartners has lifted from 46% in October to 74% by December 2019. See slide 12 for detail

Simplification Plan – rationale

The Simplification Plan is designed to return the Group to a market leading, pure-play fleet business that has been delivering consistent returns for 32+ years

Simplification Plan

















Rationale

1. Remove sources of earnings volatility
2. Reduce gearing, extend maturities and tailor facility to Fleet only – maximise treasury experience
3. Eliminate costs associated with group complexity and drive strong corporate cost discipline
4. Reprioritise all resources to develop our products and target markets in our Core Fleet business

1 Non-core divestments

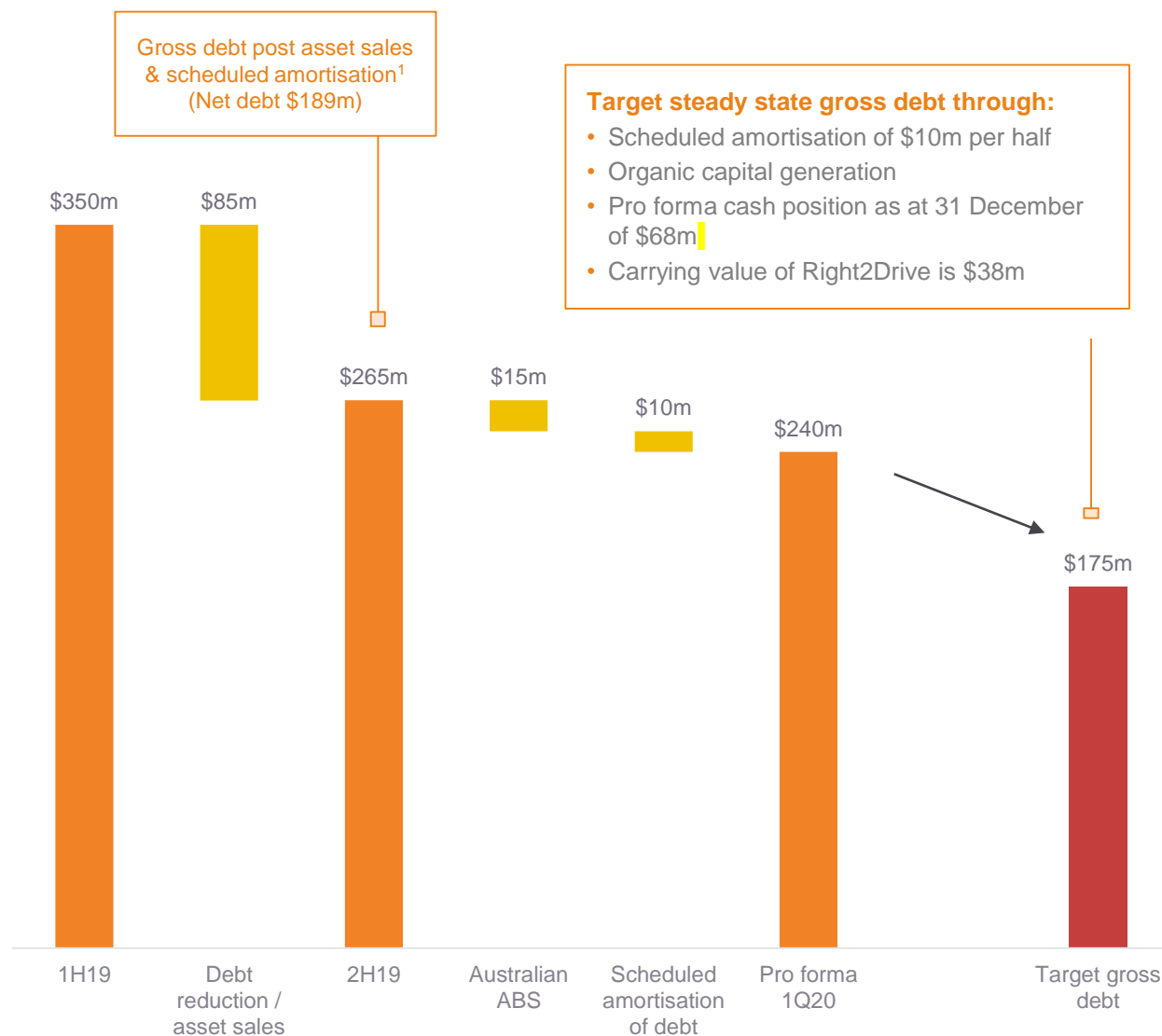
Divestments have progress ahead of initial timetable objective

1) NON-CORE DIVESTMENTS	2) EXIT DATE	3) SUPPORT GROSS DEBT REPAYMENTS	4) TRANSITIONAL ARRANGEMENTS
 	July 2019		To July 2020
 			
 	September 2019		To March 2020
 	On track for FY20		
 	On track for FY20		

Pure-play, market leading fleet company

2 Strengthening balance sheet

TARGETING GROSS DEBT OF \$175M



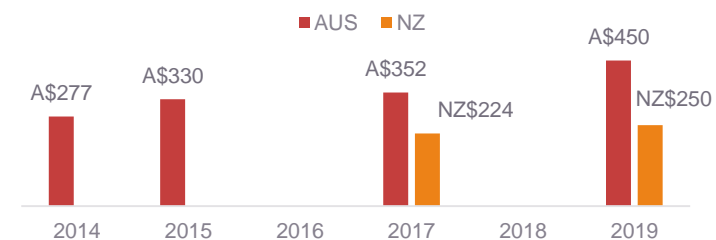
COMMENTS

- Amended corporate debt facilities
- Extended of maturities to 2022 and 2025, with support from existing lenders
- Provide stability, certainty and flexibility of capital structure²

ILLUSTRATIVE SENSITIVITY – PATHWAY TO STEADY STATE (A\$m)

Average Gross Debt (A\$m)	Effective Blended Interest Rate (%) ³				
	7.0%	6.5%	6.0%	5.5%	5.0%
265	(18.6)	(17.2)	(15.9)	(14.6)	(13.3)
250	(17.5)	(16.3)	(15.0)	(13.8)	(12.5)
225	(15.8)	(14.6)	(13.5)	(12.4)	(11.3)
200	(14.0)	(13.0)	(12.0)	(11.0)	(10.0)
175	(12.3)	(11.4)	(10.5)	(9.6)	(8.8)
150	(10.5)	(9.8)	(9.0)	(8.3)	(7.5)

ASSET BACKED SECURITISATION



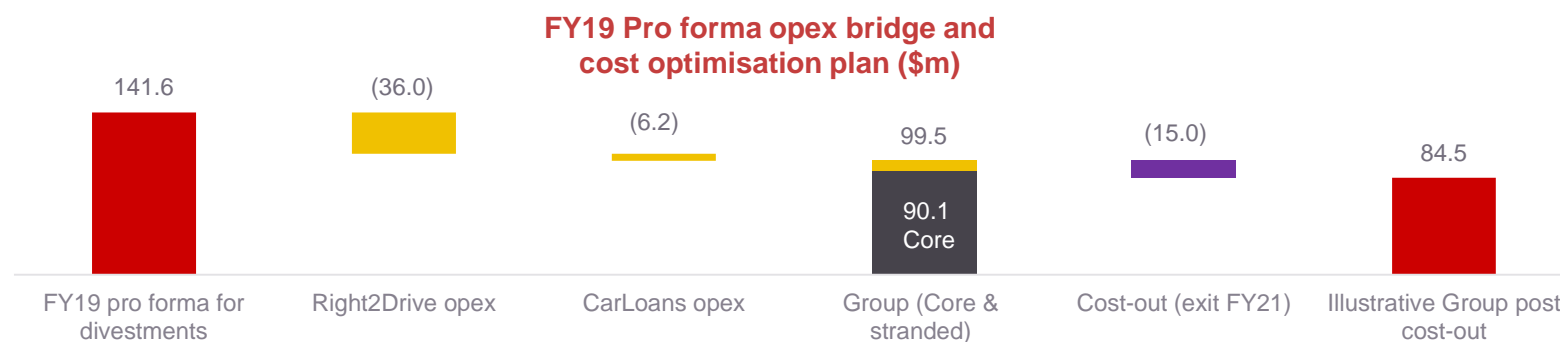
Notes:

- \$20.5m cash paid to reduce corporate debt from \$285.7m at 30 September 2019 to \$265.2m at completion of the corporate debt refinance on 28 October 2019
- Intention to bring leverage <2.0x (defined in FY19 presentation) for at least 2 consecutive periods before paying dividends
- Interest expense charged with reference to last 12 months average gross debt balances and fees for undrawn committed limits

3 Cost optimisation – 45% group cost to income target by exit FY21^{1,2}

Execution of the cost optimisation plan is progressing in line with expectations

INITIATIVE	TARGET	% EXIT RUN-RATE PHASING			COMMENTS
		FY19	FY20	FY21	
Senior management renewal	\$2.3m	0%	80%	100%	• Senior management retention and renewal
Occupancy	\$2.6m	50%	100%	100%	• Exit of offices at 1 O'Connell Street, Sydney, Vero Tower Auckland, consolidation of Richmond office
Simplified productivity	\$6.3m	0%	50%	100%	• Productivity initiatives including process improvements and the removal of group stranded costs to reflect a more simplified operating structure
Group discipline	\$3.8m	30%	70%	100%	• Reduction in complexity of group resulting in improved expense management, lower reliance on third party support, T&E discipline, and insurance reduction
Annualised exit run-rates	\$15m	\$2.4m	\$10.3m	\$15m	• Core and Group including stranded cost reduction
Cash costs to realise	\$10 – 15m				• One-off cash costs to realise target savings



Notes

1. Cost to income ratio at exit run-rate FY21. Cost to income measured as the ratio of group expenses (pre share based payments expense) to net operating income post EOL. Share based payments expense being a non-cash accounting item booked in the income statement based on fair value. The change reflects replacement of cash based incentives with equity remuneration to align executives with shareholders over a longer period

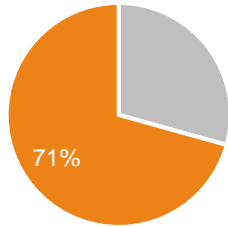
2. This plan has been independently reviewed by a third party

4 Core refocus – product and market

Group focus on product and market development across corporate, mid- and SME market

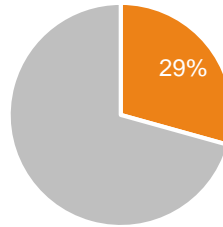
OPERATING LEASES

FY19 new business written



NOVATED

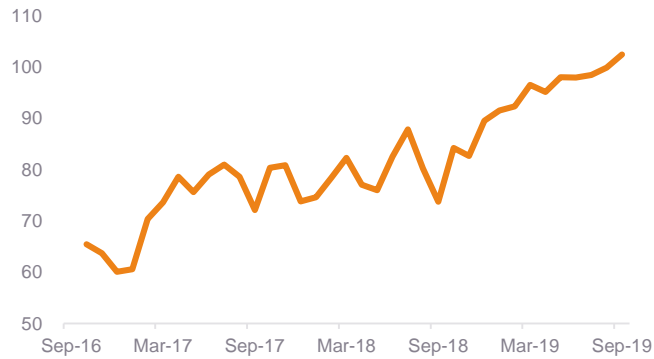
FY19 new business written



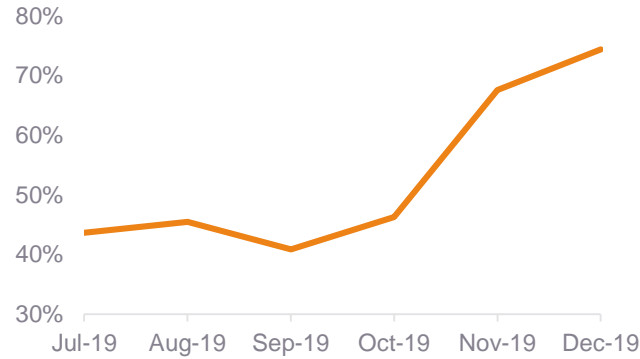
SME



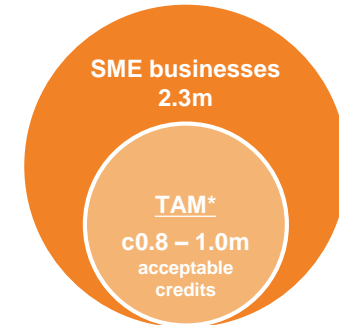
Australian order pipeline



Straight through credit processing



Addressable market



*Estimated total addressable market (TAM) size using ABS data

Commentary

- Australian FY19 order pipeline at 3yr highs
- Recent client wins providing momentum
- Closure of sub-scale NZ equipment business














Commentary

- Eclipx has an immaterial exposure to the changes in insurance commissions
- Straight-through novated lease credit processing for FleetPartners has lifted from 46% in October to 74% by December 2019
- Remain under-penetrated in existing corporate clients' addressable employee base

Commentary

- OEM partnership testing underway
- Drawing on New Zealand experience in SME operating leasing
- Future partnership discussions underway

Simplification Plan – executed and outstanding

PRIORITIES	FIRST 8 MONTHS	TARGET	COMMENTARY
1) Non-core divestments	     	<ul style="list-style-type: none"> Exit Right2Drive in FY20 Exit CarLoans in FY20  	<ul style="list-style-type: none"> As a pure-play fleet leasing company, Eclipx is well placed to leverage identified market opportunities
2) Strengthen balance sheet	 Warehouses extended  Corporate debt refinance  AUS & NZ ABS completed	<ul style="list-style-type: none"> Net debt to EBITDA <2.0x before dividends¹ Steady state drawn gross debt of c.\$175m 	<ul style="list-style-type: none"> Interest expense expected to reduce to ~\$10m once at steady state debt levels versus \$18.5m in FY19
3) Cost optimisation	 Targets set and cost optimisation initiated	<ul style="list-style-type: none"> 45% cost to income ratio by exit FY21² \$15m net cost reduction in Core, including stranded costs 	<ul style="list-style-type: none"> Experienced positive jaws in 1Q20
4) Core refocus	 Target market segmentation	<ul style="list-style-type: none"> Product and market focus across corporate, mid- and SME market 	<ul style="list-style-type: none"> Focused on growth opportunity in novated and SME markets and stable growth in corporate

Notes:

- Adjusted net debt to EBITDA <2.0x for two consecutive quarters before dividend payment
- Cost to income measured as the ratio of group expenses (pre share based payments expense) to net operating income post EOL

4. Voting