Eclipx Group Limited

FY18 Results Presentation

14 November 2018

Doc Klotz
Chief Executive Officer and Managing Director

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Deputy Chief Executive Officer and Chief Financial Officer

Agenda

1. Highlights
2. Financial results
3. Business performance
4. Summary and outlook
5. Appendices

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Highlights

FY18 Results Highlights

AUD million (unless stated)	FY17	FY18	Growth pcp
Net Operating Income (NOI)	255.3	325.3	**27%**
NPATA[1]	68.3	78.1	**14%**
AUMOF[2] (closing)	2,241	2,432	**9%**
New Business Writings (NBW)[3]	989	1,095	**11%**
Cash EPS[4] (cents)	25.1	24.7	**(2%)**
Dividend per share (cents)	15.25	16.00	**5%**

PERFORMANCE AND OUTLOOK

- FY18 $78.1m NPATA is in line with revised guidance provided on 6th August
- Profitable growth across all businesses, with strong performance in core Australian commercial and fleet business
- Cash EPS down 2% reflecting underperformance in Grays and increased number of shares on issue
- Efficiency gains underway with technology initiatives increasing customer value proposition and reducing costs
- Fully franked final dividend of 8c per share payable 25 January 2019
- All segments expected to deliver revenue and NPATA growth in FY19

MERGER WITH MCMILLAN SHAKESPEARE

- Subject to the independent expert report opining that it is in shareholders interest, shareholder approval, and there being no superior proposal, the Board of Eclipx unanimously recommends the proposed merger with McMillan Shakespeare Ltd
- Compelling industrial logic with ability for both sets of shareholders to benefit from the $50m of annualised EBITDA synergies
- ECX shareholders to receive 0.1414 MMS shares plus 46 cents cash for each ECX share; $2.85 per share implied value [5]

1. NPATA is net profit after tax and tax adjusted add back of amortisation of intangibles
2. AUMOF is assets under management or financed, includes balance sheet and principal and agency (P&A) funded assets
3. NBW excludes sale and leaseback agreements totaling $23.9m in FY17 and $8.6m in FY18
4. Cash EPS is defined as each period's NPATA divided by the total weighted number of ordinary shares on issue for that period.

5. Based on MMS last closing price of $16.90 on Wednesday, 7 November 2018
See ASX Announcement 8 November 2018 for full details

Eclipx is a Diversified Asset Services Business

	Fleet		Diversified Asset		High growth adjacencies	
	Fleet leasing	**Novated leases**	**Consumer car buying and finance**	**Commercial equipment finance**	**Car rental market**	**Vehicle & commercial equipment trading platform**
Addressable market size	$4bn NBW p.a.[1]	$2bn NBW p.a.[2]	$15bn NBW p.a.[3]	$12bn NBW p.a.[4]	c$2bn revenue p.a.[5]	$7bn sales p.a.[5]
Assets financed						
Product offering	• Operating Lease • Finance Lease • Fleet Management • Telematics/FBT	• Novated Lease • Value-added services • Telematics/FBT	• Consumer vehicle loans • Car-buying services	• Operating Lease • Finance Lease	• Accident replacement vehicles • Leisure car rental • Corporate relief vehicles	• Industrial auctions • Vehicle auctions • Wine auctions
Eclipx distribution channels	• Direct sales • Distribution partnerships • Co-branding • Online digital channels	• Direct sales • Distribution partnerships • Co-branding • Online digital channels	• Online digital channels • SMEs • Corporates • Government	• Direct sales / relationships • Broker networks • Online digital channels	• Branch network • Referral network • Corporates / OEM's • Insurers	• Online digital channels
Brands	FleetPartners service driven FP fleetplus FIRST. IT'S HOW WE TREAT YOU.	FleetPartners service driven FP fleetplus FIRST. IT'S HOW WE TREAT YOU.	CarLoans.com.au GET A BETTER CAR Georgie	eclipx COMMERCIAL	Right2Drive Accident Replacement Vehicles	graysonline.com are you selling .com.au

1. Excludes novated leases and non-funded fleet. Sourced from Australian Fleet Lessors Association (AFLA) and management estimates for New Zealand market and non-AFLA reporting fleet lessors
2. Sourced from AFLA and management estimates
3. Sourced from Australian Bureau of Statistics (ABS), 5671.4 – Lending Finance, Australia (Table 4)
4. Commercial equipment leasing addressable market size for equipment types targeted by Eclipx Commercial. Sourced from Australian Equipment Lessors Association (AELA)
5. Management estimates

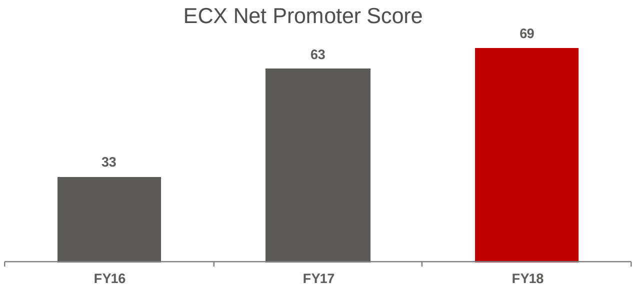
eclipx GROUP

Multiple income streams across the asset and customer life cycle

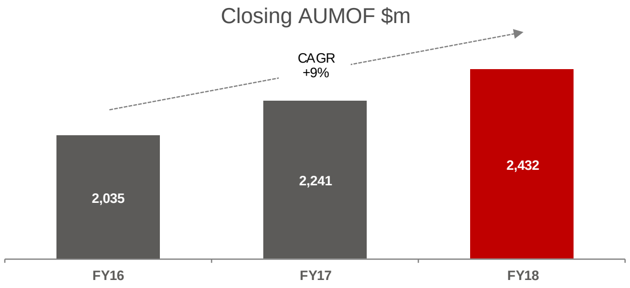
	FY18 Net Operating Income ($m)	FY18 Net Operating Income (%)	Income sources	Key business drivers
Sale and purchase of vehicles	**$15.4m**	**5%**	• Upfront fees • Retail margin	• New business written
Financing	**$41.5m**	**13%**	• Net interest income	• Balance sheet financed leases • Net interest margins
Vehicle (incl fleet) Management	**$111.8m**	**34%**	• Management fees • Maintenance fees • Telematics • 3rd party brokerage	• Operating lease fleet (units) • New business written
Car Rental	**$42.7m**	**13%**	• Right2Drive car hire	• Hire volume (units) • Days on hire (units) • NOI per hire per day
End of Lease Profit	**$36.7m**	**11%**	• End of lease proceeds • Transportation and sales preparation costs	• End of lease volume (units) • Profit per vehicle
Online Auction Fees	**$77.2m**	**24%**	• Online auction fees • Asset valuations and audits • Insolvency services	• Auction value • Auction margin
	$325.3	**100%**		

Customer satisfaction underpins AUMOF growth, whilst new revenue sources support increased margins and earnings

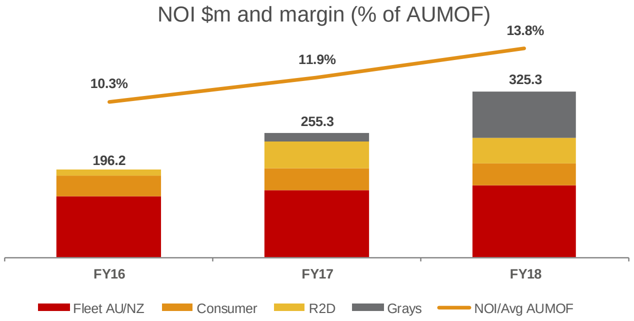
1 Continued focus on technology and customer satisfaction



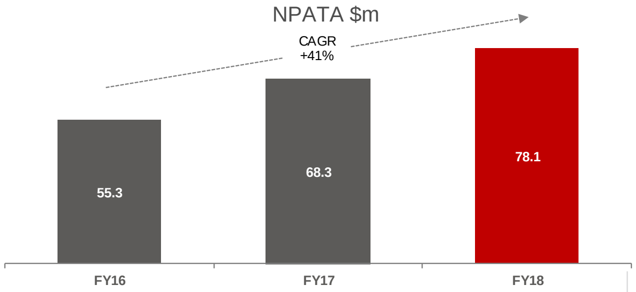
2 supports sustained asset growth…



3 and improved NOI margins through complementary revenue sources …..



4 and strong NPATA growth



Technology investments drive growth and cost efficiencies

	1 Accelerated investment in FY18 [1]	2 With lower investment in FY19 [1]
Cost initiatives	– **One off core systems implementations $14.1m** » Miles core (treasury, finance, FleetPartners products, Equipment Finance product, Fleet NZ Conversion ($10.2m) » R2D car rental system ($1.8m) » Oracle Financials/Payroll for newly acquired businesses ($2.1m)	– **One off core systems implementations $5m** » Fleet AU Miles Conversion preparation ($2.3m) » Consolidation of 3 novated platforms ($2.7m)
Growth initiatives	– **Software initiatives to drive growth $11.8m** » Online customer portals » New car sale platform » Vehicle trade-in platform » Vehicle valuation/projection/EOL optimisation platform » Product linkages to provide seamless solutions to customers (incl SME) » NZ SME start up	– **Software initiatives to drive growth $8m** » Fleet product initiatives/portals » Grays product and online initiatives » Consumer product initiatives and Business Intelligence

1. Excludes hardware capex of $7m in FY18 and $7m in FY19

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Financial results

FY18 Income statement

$ million	FY17	FY18	Growth pcp (%)
Net operating income before end of lease income and impairment	**223.8**	**291.3**	
End of lease income	36.1	36.7	
Net operating income before impairment charges	**259.9**	**328.0**	
Fleet impairment	(0.3)	(0.4)	
Credit impairment	(4.3)	(2.2)	
Net operating income	**255.3**	**325.3**	**27%**
Employee benefits expense	(96.9)	(130.9)	
Occupancy expense	(10.2)	(20.3)	
Technology expense	(10.0)	(10.3)	
Other operating expenses	(28.7)	(39.6)	
Total operating expenses	(145.8)	(201.0)	
EBITDA	**109.5**	**124.3**	**14%**
Depreciation expense	(4.4)	(3.8)	
PBITA before significant items	**105.1**	**120.5**	
Acquisition and restructure costs[1]	(12.0)	(11.5)	
PBITA	**93.1**	**109.0**	
Interest on corporate debt	(9.2)	(14.8)	
PBTA	**83.9**	**94.1**	
Amortisation of intangible assets	(8.0)	(11.2)	
PBT	**75.9**	**83.0**	
Tax expense	(21.7)	(20.8)	
NPAT	**54.2**	**62.2**	**15%**
Acquisition & Restructure costs (post-tax)	8.4	8.1	
Amortisation and impairment of intangible assets (post-tax)	3.4	4.1	
NPATA before add back of software amortisation	**66.0**	**74.3**	**13%**
Add back of software amortisation	2.3	3.8	
NPATA	**68.3**	**78.1**	**14%**

1. Restructure costs consist of exceptional non-recurring items not reflecting ongoing operations. See Appendix for reconciliation of one off costs

HIGHLIGHTS

- FY18 NPATA +14% growth in to $78.1m vs $68.3m
- FY18 NPATA before the add back of software amortisation +13% to $74.3m vs (FY17 $66.0m)
- Net Operating Income increased 27% reflecting
  - Strong growth in Fleet and commercial
  - Strong end of lease profit per vehicle partially offset by reduced number of vehicles coming off lease (reflects lower originations in 2014 ~ 4 year leases)
  - Full year impact of Grays
- Acquisition and restructure costs of $11.5m reflect:
  - $7.5m GraysOnline
  - $0.5m Car Buyers (areyouselling.com.au)
  - $3.0m in restructuring costs following the installation of a car rental system and Oracle financials in R2D
  - $0.5m in 2H18 relating to restructuring costs in FleetPartners Australia and FleetPlus
  - Refer reconciliation in Appendix 1
- Technology investments in FY18 expected to deliver lower cost to income in FY19 and lower total opex in FY20 pcp

Cash flow

Source of funds	$m	Use of funds	$m
Opening Cash at bank	**59.1**		
FY18 EBITDA	124.3	Tax paid	23.7
		Dividends	31.2
		Hardware capex	7.0
		Software capex	25.9
		Interest on corporate debt	14.8
		R2D receivables	27.6
Debt Drawn - Warehouse	118.5	Leases	101.2
		Restricted cash	10.0
Debt Drawn - Corporate	85.4	Car Buyers acquisiton	7.3
		Restructure costs	11.5
		Inventory (incl vehicles)	13.4
		Trade and other receivables (excluding R2D):	
		- Car Buyers (vehicles sold awaiting cash)	10.3
		- Fleet (vehicles sold awaiting cash)	12.0
		- Prepayments	11.9
		- Grays auction fees invoiced not yet received	4.5
		- Other trade receivables	4.1
			42.8
		Other working capital movements	8.7
Total Sources	**328.2**	**Total Uses**	**325.2**
Closing Cash at bank	**62.1**		

HIGHLIGHTS

- During FY18 Eclipx had access to $328.2m in cash and equivalents
- The sources of this include:
  - ✓ Opening cash at bank $59.1m
  - ✓ EBITDA generated throughout FY18 $124.3m
  - ✓ Warehouse financing received $118.5m
- These proceeds were applied to the purchasing of vehicles and equipment for customers, tax payments, hardware and software capex, restricted cash, interest on corporate debt and R2D receivables
- In addition to this, Eclipx has drawn $85.4m in corporate debt to support;
  - ✓ The acquisition of AreYouSelling “AYS”
  - ✓ Restructure costs associated with Grays and R2D
  - ✓ The seasonal build up vehicle inventory associated with our fleet and “AYS” businesses where more favourable prices can be achieved on vehicles in October and November
  - ✓ End of lease vehicles sold in late Sep-18 with proceeds after the balance date
  - ✓ Prepayments and other receivables
- Supply chain issues in the NZ market during FY18 created a temporary working capital requirement with an abnormally high number of vehicles on hand in NZ as at Sep-18. Conditions are expected to recover in FY19
- Eclipx accelerated its investment in software capex in FY18 $25.9m. This enabled us to accelerate the benefits of this investment. Software Capex in FY19 is expected to be around $13m, more in line with maintenance capex levels

Diversified funding profile

HIGHLIGHTS

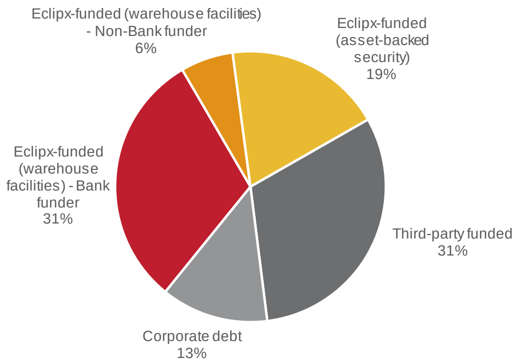
- AUD $349m in available financing resources for growth including unrestricted cash ($62m) and undrawn committed facilities ($287m) and Principal and Agency funding agreements with 20 financiers
- In July, ECX completed an AUD $65m US private placement funding transaction as part of its corporate debt programme. The transaction was for a 7 year term with a fixed rate coupon, delivered in AUD hedged with no exchange or interest rate risk
- Total committed corporate debt totals AUD $425m and is diversified across 6 lenders providing continued capital for growth. Borrowings and limits were extended in September with the maturity for any debt not expected before September 2021
- ECX has continued to place its asset backed securitisation notes with more than 20 external investors in Australia and New Zealand generating significant diversification in funding
- A new funding securitisation warehouse funding programme has been established in New Zealand, to support the expansion of our commercial equipment business and ECX's financing into the SME market
- As at 30 September 2018 Eclipx held $63.5m of mezzanine notes in its warehouse and securitisation issues ($79.3m 30 September 2017)

OUTLOOK

- With an established debt funding programme and strong external investor interest, ECX will continue to target ABS issuance in both its Australian and New Zealand when optimal pricing and market conditions are available
- ECX's strength includes its diverse and competitive funding platform with warehouses, ABS and third-party funders that continues to provide ECX with funding certainty, headroom for growth and a clear point of differentiation

$ million	Drawn	Undrawn	Total
Eclipx-funded (warehouse facilities)	983	202	1,185
Eclipx-funded (asset-backed security)	501	-	501
Total (ex. P&A)	**1,484**	**202**	**1,686**
Third-party funded	830	-	830
Total (inc. P&A)	**2,314**	**202**	**2,516**
Corporate debt	340	85	425
Total	**2,654**	**287**	**2,941**

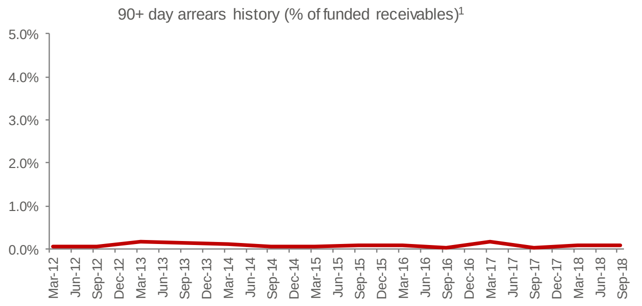
Funding Summary as at 30-Sep-18



Strong asset and credit quality

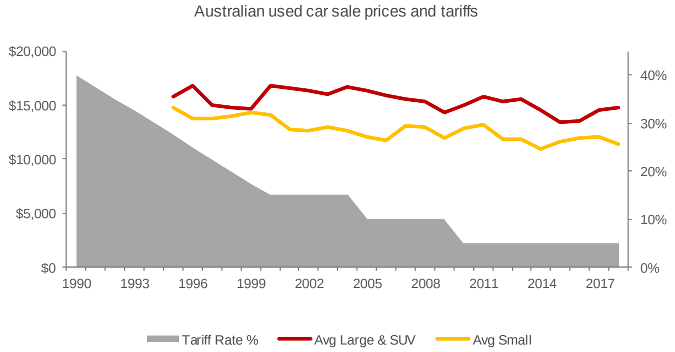
CONTINUOUS IMPROVEMENT IN RISK ANALYTICS

- Credit impairment has remained low during FY18
- 90+ day arrears at 7 bps of on-balance sheet lease receivables as at 30 September 2018 remains in line with long term performance
- Favourable economic conditions in Australia and New Zealand
- Significantly diverse customer and sector exposure
- Extensive use of analytics and decision systems
- Credit approval is independent of sales teams



RESIDUAL VALUE MANAGEMENT

- Used car prices maintained over the long term despite the reduction in import tariffs on new cars
- Fleet is diversified across manufacturer and vehicle type
- Statistical models using 30 years of operating experience in Australia and New Zealand to set residual values on operating leases
- Full market valuations are undertaken monthly on the complete operating lease portfolio against third party sales and valuation databases
- Disposal trends are monitored on an ongoing basis for end of lease disposal optimisation
- Residual value setting is independent of sales teams



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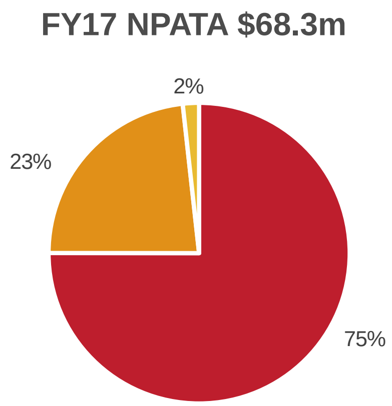
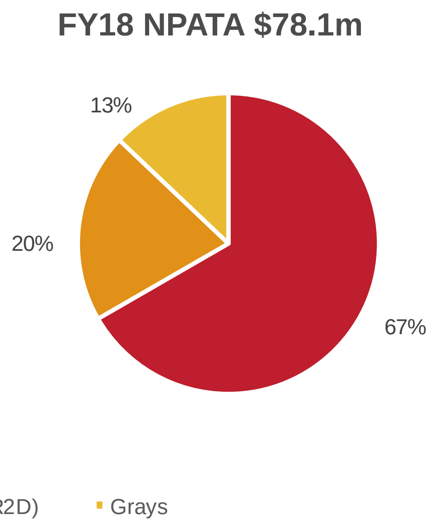
Business performance

Eclipx has continued to deliver NPATA growth whilst diversifying





Note 1 – Fleet and commercial excludes the investment in NZ SME in FY18 ($2.5m) NPATA

Australia Commercial

Eclipx continues to gain market share

Strategy

- Grow market share in fleet by leveraging our industry leading service excellence and product innovation
- Leverage full ECX capability across car buying, trade-ins and auctions for corporates wishing to own and manage their own fleet
- Utilise technology to deliver a superior value proposition to customers
- Focus on growing the SME / Mid-Market customer segments with lower transaction size at higher yields and cross sell opportunities

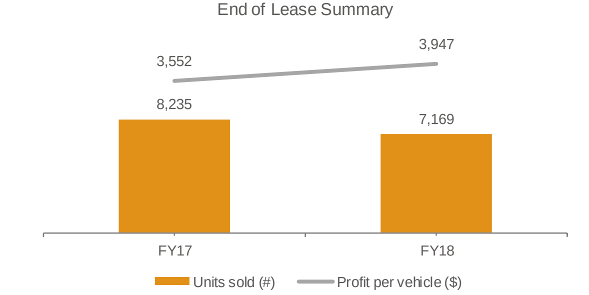
Highlights

- Strong new business wins and recommitment from current customers is due to the value attributed to our unique service and technology solutions
- Increased end of lease profit per vehicle continues to improve as volume of vehicles sold through Grays increases
- Investments in automation and improved processes in FY18 with efficiencies and reductions in cost/income ratio expected in FY19
- In-housing of third party services such as vehicle inspections provides ECX greater control of end of lease vehicles for Grays auctions

Outlook

- Increased volumes of EOL vehicles are expected in FY19
- Technology enabled focus on SME through intermediary channels
- Well positioned and strong pipeline of blue chip new business opportunities
- Leveraging heavy commercial vehicles capabilities across fleet is generating new opportunities within our current customer base

$ million	FY17 Actual	FY18 Actual	Growth pcp
New Business Writings - Fleet [1]	397	407	3%
New Business Writings - Equipment	65	84	29%
New Business Writings	462	491	6%
AUMOF (closing)	1,127	1,237	10%
VUMOF (closing) [1]	54,129	59,109	9%
NOI (before EOL)	92.6	101.5	10%
NOI	121.9	129.8	6%
Opex	61.0	66.4	9%
NPATA	40.2	42.6	6%
Cost / Income (%)	*50.0%*	*51.2%*	*(120bps)*
NOI (before EOL)/Avg AUMOF	*8.6%*	*8.6%*	-
NOI/Avg AUMOF	*11.3%*	*11.0%*	*(30bps)*
NPATA/Avg AUMOF	*3.7%*	*3.6%*	*(10bps)*



1. NBW excludes sale and leaseback agreements totaling $23.9 in FY17 and $8.6m in FY18
2. The composition of VUMOF in was 35,405 (funded) and 18,724 (managed) in FY17 and 37,272 (financed) and 21,837 (managed) in FY18

New Zealand Commercial

Eclipx is leveraging its presence in fleet to target new SME's

Strategy

- Focused on growing market share in the SME and mid-market segment in NZ.
- Expanded finance offering to now include fleet, equipment finance and cross sell activities to NZ SME's and mid-market customers

Highlights

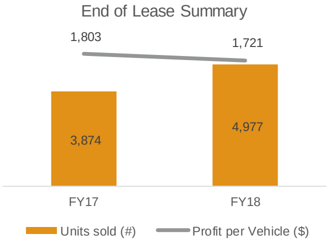
- Increases in EOL profits have largely offset additional spend on maintenance and depreciation
- Increase in EOL profits underpinned by growth in number of vehicles sold in FY18. EOL profit per vehicle reflects short term over supply used of vehicles in NZ during Winter
- Strong growth in new business writings reflects the successful retention of key fleet customers on sole supply agreements and the start-up of the NZ commercial equipment division during FY18
- Expansion of NZ retail car sales (AutoSelect) in Auckland, Wellington and Christchurch to increase capacity for sale of end of lease stock
- Successful implementation of an integrated fleet and commercial equipment platform in NZ

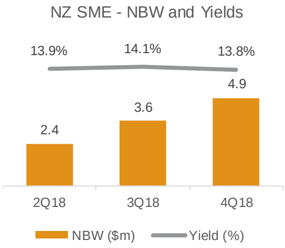
Outlook

- Focus on delivering cost efficiencies following the deployment of the Miles platform in NZ
- Improved productivity of Fleet and commercial equipment teams through enhanced sales force management and the launch of our online dealer portal "FleetConnect"

Fleet NZ excl NZ SME $m (AUD)	**FY17 Actual**	**FY18 Actual**	**Growth pcp**
New Business Writings	**192**	**205**	7%
AUMOF (closing)	**459**	**489**	7%
VUMOF (closing) [1]	**29,187**	**30,242**	4%
NOI (before EOL)	**32.7**	**29.7**	(9%)
NOI	**39.7**	**38.4**	(3%)
Opex	**22.7**	**21.7**	(4%)
NPATA	**11.0**	**11.1**	1%
Cost / Income (%)	***57.1%***	***56.5%***	*60bps*
NOI (before EOL)/Avg AUMOF	***7.2%***	***6.1%***	*(110bps)*
NOI/Avg AUMOF	***8.8%***	***7.9%***	*(90bps)*
NPATA/Avg AUMOF	***2.4%***	***2.3%***	*(10bps)*

NZ SME $m (AUD)	**FY17 Actual**	**FY18 Actual**	**Growth pcp**
New Business Writings		**11.3**	N/A
AUMOF (closing)		**10.2**	N/A
NOI		**0.5**	N/A
Opex		**4.0**	N/A
NPATA		**(2.5)**	N/A





1. Average AUD/NZD exchange rate FY17 1.067 and FY18 1.087, Spot AUD/NZD exchange rate FY17 1.085 and FY18 1.092
2. The composition of VUMOF in was 18,361 (funded) and 10,826 (managed) in FY17 and 19,502 (financed) and 10,740 (managed) in FY18

Consumer – CarLoans, novated and AreYouSelling

Novated and car buying growth offsetting changing market dynamics in car lending market

Strategy

- Provide a full suite of products to consumers including new car buying, used car trade-ins, consumer finance, novated solutions and insurance

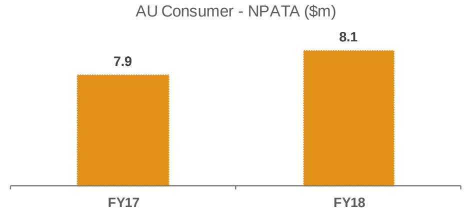
Highlights

- 16% increase in NBW to $387m reflects:
  - Increased sales of new cars by Georgie and AreYouSelling trade in services
  - Strong growth in Novated NBW
- Creation of new revenue sources (Georgie and AreYouSelling) have offset lower CarLoans revenues resulting from changing market dynamics
- Improvement in cost leverage across novated, Georgie and AYS and reduced costs in CarLoans has resulted in reduced overheads and an improved cost to income ratio

Outlook

- New salary packaging products are expected to deliver growth in novated
- New alliances with major Australian membership organisations, banking and insurance companies and HR technology companies enable ECX to increase its distribution of its full suite of consumer products including new car sales (Georgie), trade-ins (areyouselling.com.au) and finance/insurance
- Single agent sales model to be implemented during FY19 to drive increased margin and lowering transaction costs and improved customer experience
- Used car trade-ins will be auctioned by GraysOnline

$ million	FY17 Actual	FY18 Actual	Growth pcp
Novated	195	208	7%
CarLoans	119	81	(32%)
Georgie / AYS	21	98	361%
New Business Writings	335	387	16%
AUMOF (closing)	655	695	6%
VUMOF (closing) [1]	24,734	27,709	12%
NOI	35.8	36.7	2%
Opex	26.7	24.5	(8%)
NPATA	7.9	8.1	2%
Cost / Income (%)	*74.6%*	*66.8%*	*780bps*



1. The composition of VUMOF in was 11,578 (funded novated leases) and 13,156 (CarLoans) in FY17 and 13,059 (novated) and 14,650 (CarLoans) in FY18

Consumer - Right2Drive

Increased distribution drives 28% growth in hire volumes

Strategy

- Diversify revenue base - accelerate retail and corporate hires; volume sourced from low cost aggregators and OEMs (this direct volume was sub 5% in Oct-17 vs 20% Oct-18)
- Diversification facilitates increased fleet utilisation (particularly in holiday period) and accelerating cashflow
- Introduce technology to streamline processes and deliver operational efficiencies
- Develop new markets for hires, optimizing utilisation and fleet costs (OEM's and Corporate rentals)
- Partner with Insurers to enhance their customers experience

Highlights

- +28% growth in hire volumes to 43,140
- NPS increased to +86
- Rental car technology platform successfully implemented which replaces previous manual processes and improves cost efficiency
- Significant High Court success in NZ endorsing our business model and fee structure

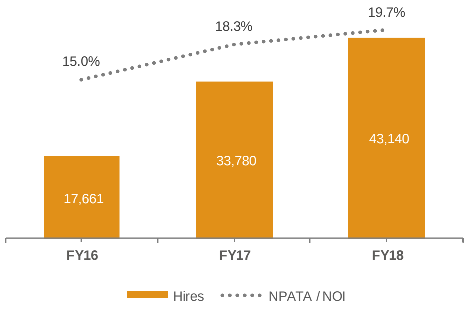
Outlook

- Focus in FY19 will be on reducing COGS and opex per hire per day by:
  - Increase utilisation by supplying vehicles to the leisure market
  - Leverage technology investment in FY18 to further reduce opex
  - Substitution of selected branches with low cost agency agreements in selected locations

$ million	FY17 Actual	FY18 Actual	Growth pcp
Branches	**30**	**35**	17%
Hires (units)	**33,780**	**43,140**	28%
Hire income	**76.5**	**82.2**	8%
Net Operating Income	**43.7**	**42.7**	(2%)
Opex	**28.6**	**27.8**	(3%)
NPATA	**8.0**	**8.4**	5%
Cost / Income (%)	***65.4%***	***65.0%***	*40bps*
NPATA/NOI (%)	***18.3%***	***19.7%***	*140bps*

R2D Key Metrics	FY17 Actual	FY18 Actual	FY19 Outlook
Average length of hire (days)	**17**	**16**	**15**
NOI per hire per day	**76**	**62**	**52**
Opex per hire per day	**(50)**	**(40)**	**(30)**
EBITDA per hire per day	**26**	**22**	**22**

Scale delivers improved NPATA margin[1]



1. Hires and NPATA margin are provided on a pro-forma basis for FY16 as Right2Drive was acquired on 19 May 2016.

GraysOnline

New distribution opportunities and investments in Auto has Grays well placed for growth in FY19…

Strategy

- GraysOnline continues to leverage and grow its unique eCommerce transacting platform which has over 45m site visits p.a
- In 4 years Grays has transformed itself into one of the major players in the online auctioning of transport assets (now 53%+ of FY18 sales volumes)

Highlights

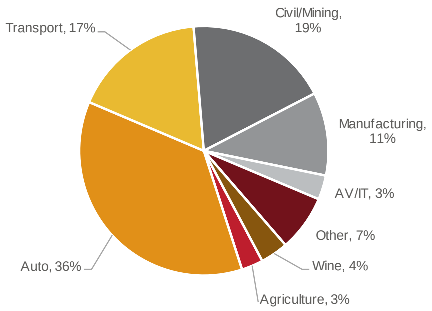
- Total sales $601m; $10.4m NPATA
- Enhanced the online user experience and increased email subscriber volume by 6% in 12 months
- Grays Auto division continues to experience strong growth +23% pcp, with over 80% of vehicles sold sight unseen by consumers
- Launched supply side digital SEM for businesses seeking to sell equipment online
- Launched vehicle inspection tool and used vehicle pricing tool to leverage cross-business capabilities
- Exited 40,000 sqm Homebush site and opened new NSW Industrial Site at Moorebank saving +$4m p.a
- Successfully outsourced wine logistics to 3PL Provider (Unitrans) and exited unprofitable fixed price categories

Outlook

- Significant growth in Auto expected in FY19 as ECX looks to increase end of lease returns in Fleet through Grays Auto
- Several significant partnerships in FY19 (Iseekplant, GoGetta, Department of Defence)
- Industrial business well positioned to capitalise on infrastructure projects as assets work through their development phases

$ million	FY17 Actual	FY18 Actual	Growth pcp
Industrial[1]	76	363	n/a
Auto	25	217	n/a
Wine	3	21	n/a
Total Sales[1]	103	601	n/a
Industrial[1]	10.0	52.3	n/a
Auto	3.1	18.4	n/a
Wine	1.0	6.5	n/a
Net Operating Income	14.1	77.2	n/a
Opex	11.2	60.4	n/a
NPATA	1.2	10.4	n/a
Cost / Income (%)	*84.3%*	*78.3%*	*(600bps)*
NOI/Sales (%)	*13.7%*	*12.8%*	*(90bps)*
NPATA/Sales (%)	*1.2%*	*1.7%*	*50bps*

Grays FY18 Sales Mix by Asset Category



1. FY17 Sales and NOI provided since the date of acquisition (11 August 2017)

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Summary and outlook

Summary and outlook

Eclipx expects top line and bottom line growth in each of its segments in FY19

- Australian and New Zealand core fleet and commercial businesses performing well
- Growth initiatives include: AreYouSelling, Grays eTender, Grays Buy Now, NZ SME and Novated
- Right2Drive repositioned;
  - Growth in hire volumes from corporates and peak season leisure rental resulting in increased fleet utilisation
  - Lower origination and servicing costs through branch consolidation
  - Focus on cash flow generation and receivables collection
- Investments into Grays Auto to drive volume growth and profitability;
  - In-sourcing of fleet end of lease vehicle inspection services
  - Increasing share of Eclipx fleet and novated end of lease vehicles sold through Grays
- Technology initiatives strengthen customer value proposition and reduce costs;
  - Platform automation and consolidation resulting in reductions in cost to income commencing in FY19
  - Capex brought forward into FY18 given ROI benefits; reducing spend in FY19

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Appendices

Appendix 1 – Consolidated income statement

$ million	FY17	FY18	Growth pcp (%)
Net operating income before end of lease income and impairment	**223.8**	**291.3**	
End of lease income	36.1	36.7	
Net operating income before impairment charges	**259.9**	**328.0**	
Fleet impairment	(0.3)	(0.4)	
Credit impairment	(4.3)	(2.2)	
Net operating income	**255.3**	**325.3**	**27%**
Employee benefits expense	(96.9)	(130.9)	
Occupancy expense	(10.2)	(20.3)	
Technology expense	(10.0)	(10.3)	
Other operating expenses	(28.7)	(39.6)	
Total operating expenses	(145.8)	(201.0)	
EBITDA	**109.5**	**124.3**	**14%**
Depreciation expense	(4.4)	(3.8)	
PBITA before significant items	**105.1**	**120.5**	
Acquisition and restructure costs[1]	(12.0)	(11.5)	
PBITA	**93.1**	**109.0**	
Interest on corporate debt	(9.2)	(14.8)	
PBTA	**83.9**	**94.1**	
Amortisation of intangible assets	(8.0)	(11.2)	
PBT	**75.9**	**83.0**	
Tax expense	(21.7)	(20.8)	
NPAT	**54.2**	**62.2**	**15%**
Acquisition & Restructure costs (post-tax)	8.4	8.1	
Amortisation and impairment of intangible assets (post-tax)	3.4	4.1	
NPATA before add back of software amortisation	**66.0**	**74.3**	**13%**
Add back of software amortisation	2.3	3.8	
NPATA	**68.3**	**78.1**	**14%**

1. Restructure costs consist of exceptional non-recurring items not reflecting ongoing operations.

- Reconciliation of acquisition and restructure costs:

$ million	FY17	1H18	2H18	FY18
Transaction related costs Car Buyers	-	0.5	-	0.5
Transaction related costs Grays	8.3	0.3	0.1	0.4
Transaction related costs Onyx	0.3		-	-
Restructuring costs Right2Drive	-	3.1	0.2	3.3
Restructuring costs Fleet	-	-	0.4	0.4
Restructuring costs Grays	3.4	6.7	0.1	6.8
Total	**12.0**	**10.6**	**0.9**	**11.5**

Appendix 2 - Consolidated balance sheet

$ million	30-Sep-17	30-Sep-18
Assets		
Cash and cash equivalents	59.1	62.1
Restricted cash and cash equivalents	136.2	146.2
Trade and other receivables	138.5	208.9
Leases	1,496.4	1,597.6
Inventory (incl motor vehicles)	25.2	38.6
PP&E and other assets	17.0	16.6
Intangibles	806.6	829.6
Total assets	**2,678.9**	**2,899.5**
Liabilities		
Trade and other liabilities	126.4	121.8
Borrowings - Warehouse	1,355.6	1,474.1
Borrowings - Corporate Debt	254.8	340.2
Provisions	19.9	13.7
Other liabilities	59.0	49.7
Total liabilities	**1,815.7**	**1,999.5**
Net assets	**863.3**	**900.0**
Contributed equity	635.2	654.8
Reserves	12.4	17.0
Retained earnings	215.7	228.2
Total equity	**863.3**	**900.0**

HIGHLIGHTS

- See cash flow section (page 11) for details of balance sheet movements
- Note - decrease in provisions relates to the 1H18 finalisation of the Grays acquisition and payment of employee entitlements as a part of Grays and R2D restructure.
- There was a small increase in provisions in 2H18 relating to employee entitlements

Appendix 3 – Changes to accounting standards

	AASB 9	AASB 15
Summary of the change	• AASB 9 (financial instruments) replaces the current accounting standard AASB 139 (financial instruments) • The new standard requires a change in impairment loss methodology based on an expected credit loss approach “ECL” (previously based on an incurred loss approach) • Eclipx has chosen to apply the simplified approach which recognizes lifetime ECL upfront • These changes would apply to financial assets held by Eclipx (ie – finance leases and trade receivables) • Operating leases are not effected by the introduction of AASB 9. These assets are tested and impaired under AASB 136	• AASB 15 (revenue from contracts with customers) replaces the current accounting standard AASB 118 (revenue) • The new standard requires a review of customer contracts and the services provided to customers • The new standard impacts the timing of revenue recognition resulting in amounts previously recognized upfront to be recognized over the life of a contract • Eclipx will be disclosing end of lease proceeds on a gross basis from FY19 (disclosure only) • Right2Drive hire income will be disclosed after any discounts previously reported as part of cost of goods sold (disclosure only)
Transition impact	• One off increase in impairment provisions (balance sheet) of $12.9m as at 30-Sep-2018 • One off Decrease in retained earnings $9.1m (after tax)	• One off recognition of deferred revenue on the balance sheet of $11.6m as at 30-Sep-2018, relating to fleet maintenance revenue • One off decrease in financial assets (revenue recognised upfront historically; for FY19 recognised over the life of leasing contracts) $20.1m (balance sheet) • One off decrease in retained earnings $21.5m (after tax) • Applying AASB 15 to FY18 would have decreased NPATA by $3.0m (arising in ECX leasing finance businesses)
FY19 impact	• Credit impairment provisions will increase with the growth in financial assets (rather than as incurred) • No material impact expected in FY19 across the Group. Can be further mitigated through 3rd party financing arrangements • Any impact will be disclosed in 1H19	• Eclipx use of 3rd party financing arrangements provides increased flexibility to offset the impact of adopting AASB15 • Any impact will be disclosed in 1H19

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