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ASX Release

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

ECLIPX GROUP REPORTS 1H19 RESULTS AND AN UPDATE ON SIMPLIFICATION PLANS

Group

- Net Operating Income of $132.0 million (down 15% pcp)
- Earnings before Interest, Tax, Depreciation, Amortisation and one-off costs (including goodwill impairment) (EBITDA) of $31.3 million (down 46% pcp)
- Net Profit After Tax & Amortisation (NPATA) $13.8 million (down 62% pcp)
- Non-cash impairment of $118.4 million (no income tax benefit attributable thereto) to goodwill associated with the Consumer businesses (including Right2Drive) and GraysOnline
- Statutory loss after tax of $120.3 million (compared with $25.0 million profit for 1H18), which includes the non-cash impairment charge of $118.4 million
- Note: FY18 results have been restated for accounting changes related to the introduction of AASB 15, and prior period adjustments relating to Right2Drive. All prior period comparisons are on a restated basis[1]

Core Fleet and Novated

- Stable EBITDA in the Core Fleet and Novated business of $40.7 million (down 3% pcp)
- LTM NPATA of $54.1 million
- 1H19 NPATA of $24.1 million (down 13% pcp)
- Total assets under management or financed (AUMOF) of $2.1 billion (up 7% pcp)
- Total vehicles under management or financed (VUMOF) of 103,414 (up 6% pcp)

[1] For details regarding accounting adjustments, see Half Year Financial Report 2019 and Appendices to 1H19 Results Presentation lodged separately with the ASX today

Eclipx Group Limited (ASX: ECX, "Eclipx") today announces its interim results for the six months ended 31 March 2019 and an update on its simplification and asset sale plans to refocus the business on its core Fleet and Novated businesses.

Eclipx reports a Group 1H19 net profit after tax and amortisation (NPATA) of $13.8 million, down 62% compared to $35.9 million in the prior comparable period. Eclipx also reports a statutory loss after tax of $120.3 million (1H18 profit after tax of $25.0 million) including the $118.4 million after-tax non-cash impairment of goodwill relating to Grays and Right2Drive (within the indicative range announced to the market on 13 May 2019). The reported statutory NPAT is also calculated after taking into account one-off restructuring costs and costs relating to the failed merger with McMillan Shakespeare ($10.0 million post-tax).

The Company's performance through 1H19 was impacted by underperformance in the non-core businesses, being GraysOnline, Right2Drive and Commercial Equipment. As a result, the Eclipx Board has reviewed the carrying value of the goodwill associated with Grays and Consumer businesses (including Right2Drive), resulting in a non-cash goodwill impairment of $118 million for these "cash generating units" applicable to 1H19.

Eclipx Group Chairman, Kerry Roxburgh said: "The Board and I are extremely disappointed in the underperformance. As a result, we have taken action, putting into place a simplification plan, including the renewal of our senior leadership team. We have prepared the way for divestments of our non-core businesses, being Grays, Right2Drive and Commercial Equipment, and to right size the Group cost base."

Our CEO, Julian Russell (appointed 13 May 2019), said: "We have a very clear pathway and plan in place to address the Company's underperformance.

"The Group is being simplified with a focus on our high-quality core fleet and novated businesses. These businesses have demonstrated stable, predictable earnings and a strong return on capital for over 30 years, through varying market conditions."

"The core businesses have a unique set of capabilities relative to our peers, particularly in our datasets and treasury. With this focus on the core businesses, these under-utilised capabilities can create significant value for our customers and shareholders over time," Mr Russell said.

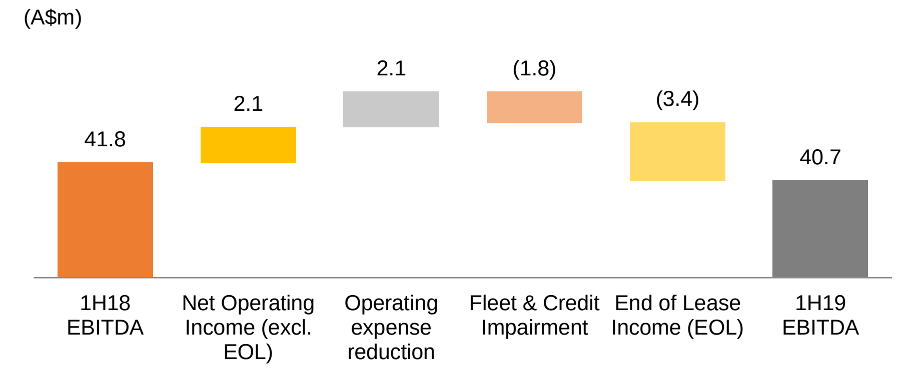
Corporate Debt

On 27 March 2019, the Eclipx Board announced it was not declaring an interim dividend for 1H19. Eclipx has continued to receive strong support from its corporate debt funders and, following waivers received as to the quantum of one-off costs incurred by the Group in 1H19, remains compliant with its funding covenants as at 31 March 2019.

Supporting its simplification program, Eclipx will be revising its long term capital structure and has commenced a process of resetting its corporate debt facilities to reflect the future business model.

Operating Business Performance Overview

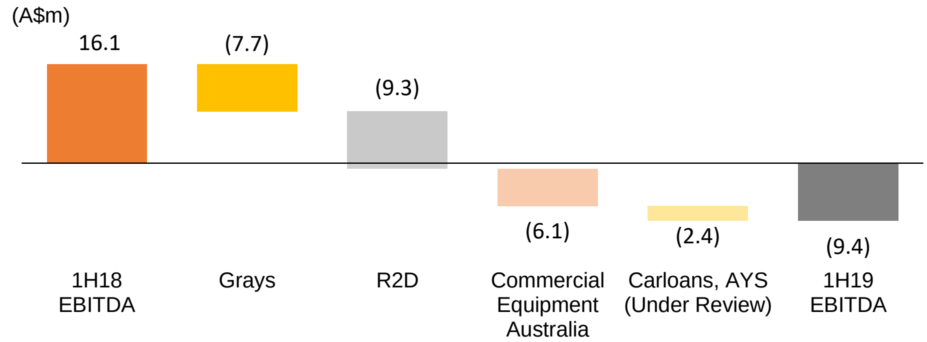
Core Fleet and Novated



Eclipx's core fleet and novated businesses delivered an EBITDA of $40.7 million in 1H19, a 3% reduction relative to 1H18. These businesses continue delivering solid growth in VUMOF (+6% to 103,414) and AUMOF (+7% to $2.1 billion).

Net Operating Income (before end of lease and impairment) increased 3% to $73.3 million while operating expenses were marginally reduced. These factors helped offset, in part, a reduction in end of lease income resulting from changes in vehicle mix.

Non-Core



GraysOnline

Notwithstanding good growth in the Grays Auto division, soft market conditions in the Insolvency and Industrial divisions has continued into 1H19. In response to the prevailing market conditions, Grays is streamlining its industrial and insolvency cost base.

Right2Drive

As previously communicated to the market on 20 March 2019, Right2Drive's performance has been challenged by a combination of lower recovery rates across its uninsured and insured no claim portfolio, the identification of process errors relating to the write off of uncollected credit hire receivables and accounting headwinds associated with the adoption of the new accounting standards (AASB 9 & 15).

Commercial Equipment

As foreshadowed in our announcement of 29 January 2019, provisioning has been required in relation to certain equipment finance exposures, some of which have become non-performing. This equipment finance exposure to Viewble has resulted in a provision expense of $5.2 million pre-tax being recognised during 1H19. Eclipx has now fully provided for this exposure (totalling $5.5 million as at 31 March 2019).

Carloans and AreYouSelling

The performance in our Consumer businesses has been challenged throughout 1H19. The headwinds in these businesses are a reflection of changes in the credit appetite of funders in Carloans and of losses in AreYouSelling associated with the one-off clearance of aged vehicle stock during 1H19.

Simplification Plan Update

The reinvigorated leadership team led by Julian Russell (CEO) and Bevan Guest (promoted to Chief Commercial Officer) will focus on growing the core businesses organically. The new operating model will involve re-sizing the cost base to reflect simplification, disciplined capital allocation to maximise returns, a strong focus on innovation, and management accountability under a transparent organizational structure with collective input from a newly formed Executive Committee (ExCo).

As flagged to the market on 16 April 2019, the current CFO, Garry McLennan, has announced his intention to retire. A search is underway to identify a successor and an update will be provided in due course.

ENDS

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About Eclipx

About Eclipx: Eclipx is a leading provider of fleet, equipment leasing and management, vehicle rentals and online auction services to corporate, SME and consumers in Australia and corporate and SME customers in New Zealand. As at 31 March 2019, Eclipx managed or financed 117,669 vehicles with $2.5 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”, “Eclipx Commercial”, “Right2Drive” and “GraysOnline”.