

13 May 2019

ASX Release

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

Expected Non-Cash Impairment of Assets

13 May 2019: Further to its announcement today regarding its "Senior Executive Leadership Renewal", Eclipx Group Limited (ASX: ECX) currently expects to recognise non-cash impairment charges of between \$110 million and \$130 million in its forthcoming interim 1H19 financial results for the 6 months ended 31 March 2019, scheduled for release on 24 May 2019.

In its Market Update on 27 March 2019 (and consistent with its announcement on 20 March 2019), Eclipx confirmed it would be testing the "carrying value of goodwill in preparation of the Company's half year accounts".

Based upon unaudited testing so far, Eclipx now confirms it expects to recognise non-cash impairment charges of between \$110 million and \$130 million.

The non-cash impairment charges relate to the underperformance of Grays and Right2Drive. The Board has come to the view that these businesses have not been effectively integrated. This outcome, when combined with softer sector conditions has resulted in lower than expected earnings in the 6 months ended 31 March 2019, does not support the carrying values for these businesses. Consequently, Eclipx expects to lower the value of goodwill of both businesses in its 1H19 results. These expected non-cash charges remain subject to final audit confirmation.

The unaudited net corporate debt position of Eclipx at 31 March 2019 was \$259.4 million, a reduction of \$24.3 million from the \$283.7 million reported at 28 February 2019. Eclipx Directors do not anticipate the expected non-cash impairment charge to result in a breach of the Group's relevant (shareholder funds)

debt covenant position last disclosed in the Market Update on 27 March 2019. The expected non-cash impairment charge has no relevance to any of the Company's other debt covenants.

Eclipx confirms that it has received interest from a number of parties regarding the Grays and Right2Drive businesses and they are being prepared for sale. Also, Eclipx intends to sell its Australian Commercial Equipment financing business and will keep the market informed of any developments regarding these businesses over the coming months.

The Company expects to apply net proceeds from sale of these businesses to a reduction of the net corporate debt position.

ENDS

Matt Sinnamon

Company Secretary

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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 30 September 2018, Eclipx managed or financed 117,060 vehicles with \$2.4 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". GraysOnline was recently named the 6th most popular Australian online retailer as ranked by ecommerce resource site Power Retail.