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ASX Release

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ECLIX GROUP ANNOUNCES INITIAL DIVESTMENT AND APPOINTS ACTING CFO

Eclix Group Limited (ASX: ECX, "Eclix") today announces the sale of both GraysOnline and AreYouSelling to Quadrant Private Equity for A\$60 million and appoints Jason Muhs as Acting CFO.

Sale details

- Transaction for 100% of the shares in the GraysOnline and AreYouSelling businesses
- The Enterprise Value of A\$60 million represents an EV/EBITDA of 7.5x with reference to the combined rolling 12 months EBITDA to March 2019
- The transaction includes a distribution arrangement allowing Eclix to continue to benefit from the utilisation of Grays Auto as one of its channels for the disposal of end of lease vehicles
- The transaction is expected to complete on 31 July 2019, and remains subject to a limited number of conditions including FIRB approval
- The net proceeds of the sale will be applied to the reduction of Eclix's corporate debt facilities, consistent with Eclix's intent outlined in its 1H19 results release
- The transaction includes a transitional services arrangement which will result in temporary annualised costs to Eclix of circa A\$1.6 for the period of transition up to 30 September 2020
- The sale will result in an accounting non-cash loss of approximately A\$100 million, which will be recognised in the 2H19 accounts. Eclix's lenders have agreed to remove the implications of this non-cash loss from covenant testing at the next test date, being 30 September 2019.

Simplification program update:

Divestments

In announcing its 1H19 results, Eclix outlined a simplification program and strategic refocus on its core fleet leasing and novated businesses. This included the proposed divestment of GraysOnline,

Commercial Equipment Finance Australia and Right2Drive, along with a strategic review of two sub-scale businesses, AreYouSelling and carloans.com.au.

Eclipx CEO Julian Russell said: "The management team is intensely focused on progressing our simplification strategy. The sale of both Grays and AreYouSelling is an important early step."

"The sale contributes to the key objectives of our plan, materially reducing both group complexity and corporate debt."

"We are also seeing progress on the other non-core and sub-scale businesses," Mr Russell said.

Core operations

In addition to non-core business divestments, the simplification program involves a number of steps to improve the performance of Eclipx’s core leasing and novated businesses including:

- Resizing the cost base to reflect the simplified business model
- Resetting of its corporate debt facilities to reflect the future structure of the business
- Establishing a clearly defined strategic direction for the simplified core business

Eclipx will provide updates on these initiatives in due course.

Appointment of Acting Chief Financial Officer

On 16 April 2019, the current Chief Financial Officer (CFO), Garry McLennan advised the Board of his intention to retire from his position as CFO pending recruitment of a successor.

Mr McLennan’s retirement becomes effective today with Eclipx appointing Jason Muhs, former Head of Business Strategy and Investor Relations, as Acting CFO.

Mr Russell said: "Together with other members of the leadership team, Jason has been instrumental in the development and ongoing execution of the simplification program."

Eclipx Chairman Kerry Roxburgh said: "On behalf of the Directors and from us all at Eclipx, I recognise Garry’s service over the past five years. He implemented several initiatives which facilitated growth in our core fleet leasing and novated businesses and we wish him well in his retirement."

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About Eclipx

About Eclipx: Eclipx is a leading provider of fleet, equipment leasing and management, vehicle rentals to corporate, SME and consumers in Australia and corporate and SME customers in New Zealand.