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ECLIPX GROUP BUSINESS UPDATE

Eclipx Group Limited (ASX: ECX, "Group") provides a business update in advance of the Macquarie Group Emerging Leaders Forum today.

Simplification Plan update

The Group is pleased to confirm that the Simplification Plan has now, in large part, been delivered:

- All non-core businesses have now been divested
- Group operating expenses have been reduced, on a run-rate basis, by the $15m target
- Gross corporate debt has been reduced below the target of $175m
- The Group is now solely focused on developing the core fleet business and its strategy

Operating expenses run-rate

- The Group was targeting an annualised $15m reduction in its core fleet operating expense base from $99.5m in FY19A to $84.5m by the end of FY21
- The Group confirms that, on a run-rate basis, its operating expense target has now been achieved

Gross debt target

- The Group was targeting a gross corporate debt reduction from $350m to $175m
- As at 31 August 2020, Group gross corporate debt was $170m
- There is significant headroom under the revised corporate debt covenants, which were further improved in May 2020

Group liquidity

- As at 31 August 2020, total Group liquidity was circa $180m, including circa $105m in undrawn capacity under the corporate debt facility
- This strengthened liquidity position provides the Group with substantial liquidity to meet any further unexpected exogenous issues

New Business Writings

- New Business Writings in Corporate operating leasing continue to track at circa 70-80% of average pre-COVID-19 levels (October 2019 to February 2020 average), reflecting the desire of some clients to seek lease extensions as a substitute for renewals or new business writings
- Novated monthly volumes are tracking above 80% of average pre-COVID-19 levels

End of lease car sales

- End of lease car sales have continued to show positive momentum since mid-April 2020
- End of lease income in 2H20 is expected to be about 90% of 1H20 end of lease income

Warehouse programme renewals

- The Group confirms that it has received credit approvals from all financiers to increase funding commitments for its warehouse programmes across Australia and New Zealand, subject to finalisation of customary documentation
- There has been no increase to the overall cost of warehouse funding
- Moody's Investors Service, who independently provide ratings to the Group's warehouse structures in Australia and New Zealand, have confirmed that there is no requirement to increase credit enhancement (equity) support to any of the Group's rated warehouse structures
- For the avoidance of doubt, there are no required increases in credit enhancement support required by financiers of the unrated warehouse structures
- With pricing and credit enhancement levels remaining consistent against a challenging macro environment, the Group's warehouse renewals reflect positively on the stable credit and asset quality of the warehouse programmes and underscore the long-term support of the Group's longstanding warehouse funders

ENDS

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