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Eclipx Group Limited | ABN: 85 131 557 901

6 May 2021

### **ASX Release**

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

## **ECLIPX GROUP 1H21 RESULTS PRESENTATION MATERIALS**

Please see attached the presentation materials which are to be displayed at this morning's virtual Investor Presentation commencing at 10:00am.

This announcement has been authorised by the Board of Directors.

**ENDS**

**Encl.**

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# Eclipx Group 1H21 results presentation

6 May 2021

 **fleetplus**

 **FleetPartners**

 **FleetChoice**



# Legal disclaimer

This Presentation contains summary information about Eclipx Group Limited (Eclipx) and its subsidiaries and their activities current as at the date shown on the front page of this Presentation. The information in this Presentation does not purport to be complete. It should be read in conjunction with Eclipx's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

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This Presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Eclipx and associated entities of Eclipx and certain plans and objectives of the management of Eclipx. Forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates", "expects", "predicts", "intends", "plans", "goals", "targets", "aims", "outlook", "guidance", "forecasts", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which because of their nature may cause the actual results or performance of Eclipx to be materially different from the results or performance expressed or implied by such forward-looking statements.

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Statutory profit is prepared in accordance with the Corporations Act 2001 and the Australian Accounting Standards, which comply with the International Financial Reporting Standards (IFRS). Cash NPATA is categorised as non-IFRS financial information and therefore has been presented in compliance with Australian Securities and Investments Commission Regulatory Guide 230 – Disclosing non-IFRS information, issued in December 2011.

All figures in this Presentation are A\$ unless stated otherwise and all market shares are estimates only. A number of figures, amounts, percentages, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from figures set out in this Presentation.



# 1H21 results agenda

1 Performance highlights

2 Financial result

3 Risk management

4 Summary & outlook

# 1. Performance highlights

# 1H21 performance highlights

1



**↑ 77%**

Increase in NPATA  
versus 1H20

2



**↑ 107%**

End of lease  
outperformance

3



**157%**

Cash conversion

4



**↓ 62%**

Reduction in  
net debt

5



**Buy-back**

\$20m in 2H21

6



**STRATEGIC  
PATHWAYS ON  
TRACK**

31 March 2021  
(A\$m unless specified)

1H21A

1H20A<sup>4</sup>

Var +/-(-)

## Income statement

NOI (pre-provisions & EOL) <sup>1</sup>	72.6	73.4	(1%)
EOL	32.1	15.5	107%
NOI	105.9	86.8	22%
EBITDA <sup>2</sup>	66.5	46.6	43%
NPATA	39.3	22.3	77%

## Cash conversion

Cash conversion	157%	158%	nm
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## Balance sheet

Gross debt	113	225	(50%)
Net debt	54	144	(62%)
Net debt to EBITDA <sup>3</sup>	0.49x	2.01x	(76%)

### Notes:

1. NOI pre-provisions represents Net Operating Income before EOL, credit and fleet impairment provisions

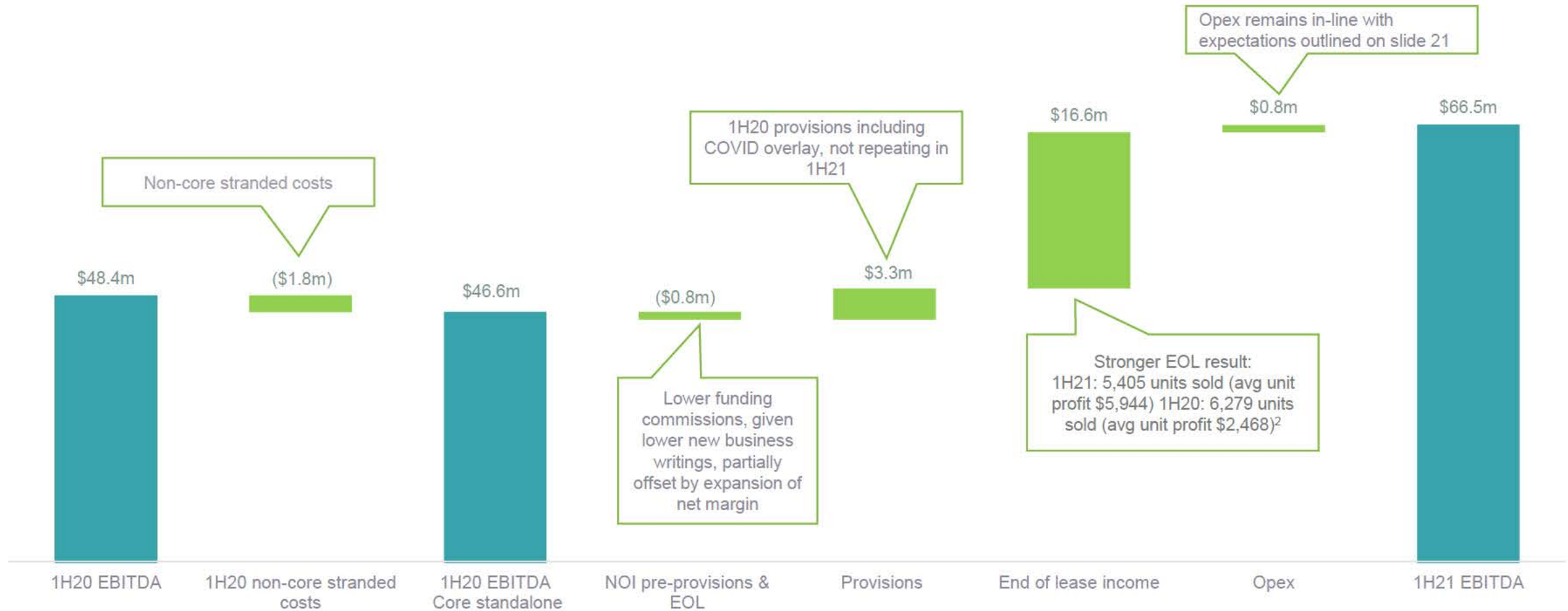
2. EBITDA post AASB 16

3. Adjusted net debt (includes other financial indebtedness) to adjusted EBITDA as reported to ECX lenders for covenant reporting

4. 1H20A represents Core standalone including non-core stranded costs

# EBITDA performance

EBITDA<sup>1</sup> growth of 43% in 1H21, supported by stable NOI pre-provisions and elevated end of lease income



Notes:  
 1. Performance reported "post AASB 16"  
 2. See slide 18 for more detail

# NPATA performance

1H21 NPATA of \$39.3m, up 77% on 1H20



Notes:

1. Statutory tax only. No Australian cash tax expected to be paid given eligibility for instant asset write-off on operating leases





# Corporate debt

A 50% reduction in gross corporate debt compared to 1H20—net debt to EBITDA at 0.49x



## 31 March 2021:

- Significant reductions in gross debt given organic capital generation
- \$113m of gross debt
- \$59m of unrestricted cash
- \$54m of net debt
- Strong covenant headroom—net debt to EBITDA of 0.49x (rel. 3.00x covenant) in 1H21<sup>1</sup>

### Notes:

1. Net debt to EBITDA ratio based on adjusted net debt (includes other financial indebtedness) to adjusted EBITDA as reported to ECX lenders for covenant reporting

# Capital management—on-market buy-back to commence in 2H21

The combination of a strengthened debt position, a better liquidity profile and a stronger overall performance has enabled Eclix to accelerate its capital management strategy, six months ahead of internal targets

## Corporate Debt—De-gearing leverage (Net Debt to adjusted EBITDA<sup>1</sup>)



## Unrestricted cash balance and 1H21 Group liquidity



### Notes:

- September-19 and March-20 included contribution from non-core earnings and adjustments allowed by the facility agreement. Changes to ECX facility documents in May-20 permanently removed non-core earnings from the September-20 leverage assessment. Leverage based on adjusted net debt (includes other financial indebtedness) to adjusted EBITDA as reported to ECX lenders for covenant reporting
- Subject to the prevailing share price and market conditions

### Buy-back rationale

- Balance sheet restored for flexible capital investment and to support organic growth
- Eclix is a beneficiary of the Australian Federal Budget's instant asset write-off policy
- It will, therefore, not make Australian tax instalments for the foreseeable future
- The Group will therefore not accrue franking credits, nor does it have distributable franking credits today
- As a result, the Group has concluded that an on-market buy-back is the most efficient form of capital distribution to shareholders

### Size

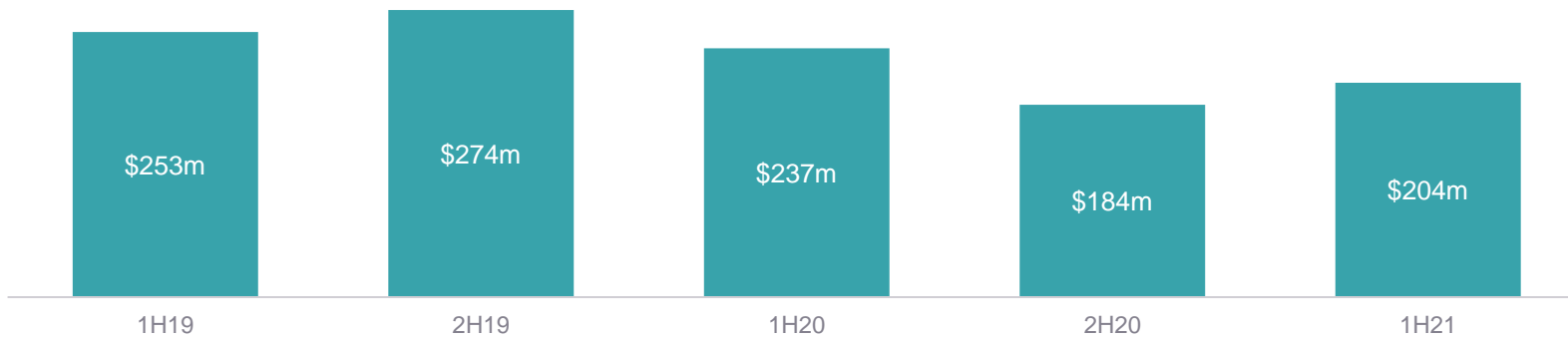
- Up to \$20m on-market share buy-back and cancellation in 2H21<sup>2</sup>

## 2. Financial result

# New business writings

Despite global vehicle supply disruption chain constraining vehicle deliveries, the Group generated 11% half on half NBW growth—lower deliveries and strong sales activity in the half have increased the pipeline to all-time highs

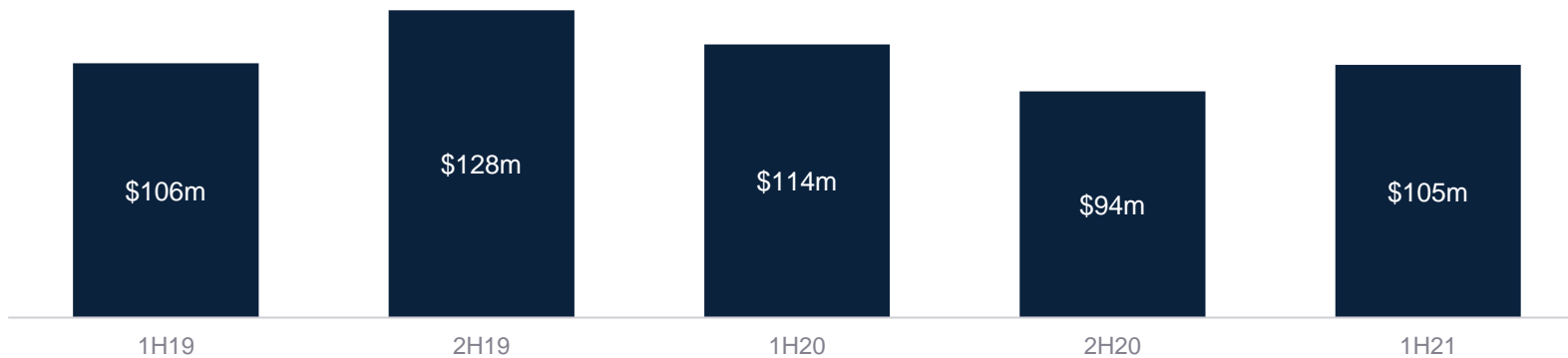
## Corporate & SME new business writings (NBW) – ex Panel



### Comments

- NBW recognised only upon vehicle delivery
- Global auto supply chain disruption continues to impact deliveries
- Order pipeline at historic highs as a result of increased lead time
- Lease extensions (not included in NBW) remain elevated, up 79% pcp - (\$77.3m in 1H21 vs \$43.2m in 1H20)
- Tendering activity remains very active

## Novated new business writings (NBW)



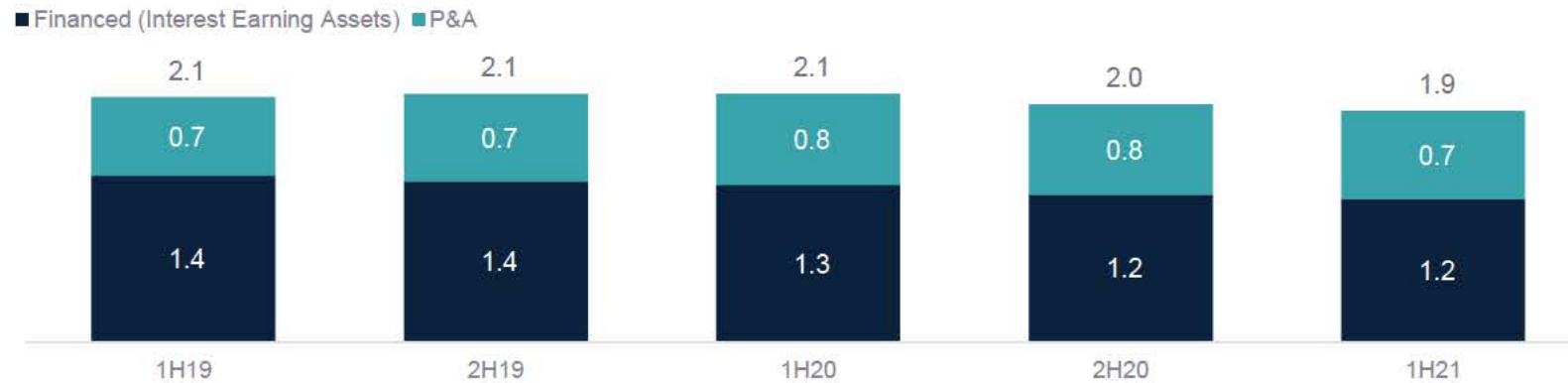
### Comments

- Supply chain constraints impacting NBW given slower deliveries
- Novated demand returning, which is reflected in strong lead volumes and order pipeline
- Launched digital originations platform (including straight through credit processing) in late 1H21, and recently initiated customer roll-out
- Roll-out to all major clients being targeted for completion by end of calendar year

# Assets and vehicles under management

While the customer pipeline is at all-time highs, vehicle supply constraints have led to lower NBW and assets under management—despite a 7% reduction in AUMOF, NOI pre-EOL has remained flat

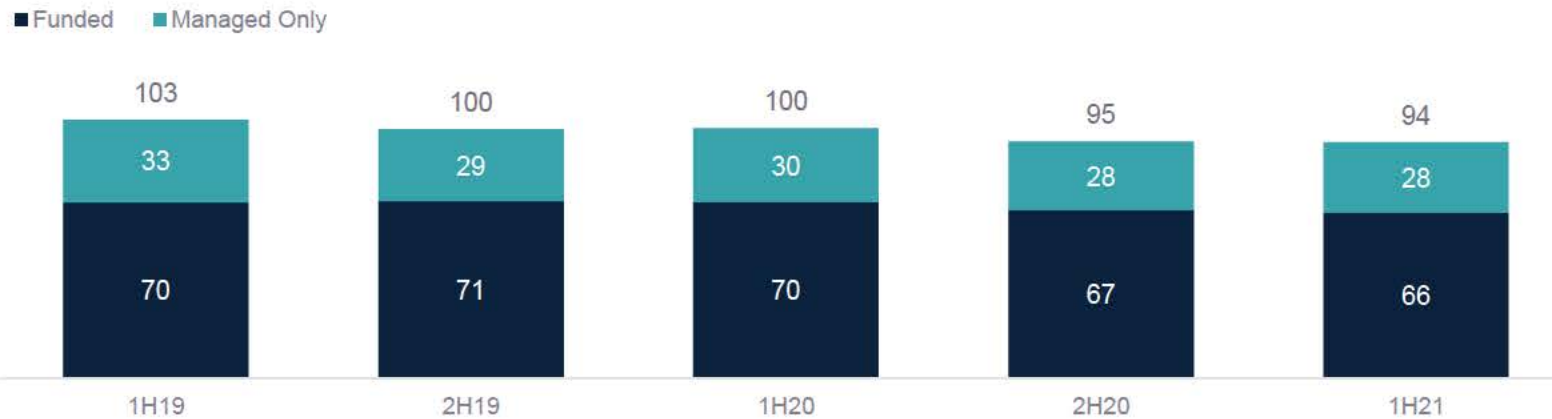
Assets under management or financed (AUMOF; \$bn)



## Comments

- AUMOF down 7% pcp, as a result of lower NBW from new vehicle supply constraints
- Impact on AUMOF from lower NBW being slowed by elevated lease extensions
- The relative stability of financed AUMOF drives predictable, annuity-like net operating income before provisions and EOL

Vehicles under management or financed (VUMOF; '000 units)

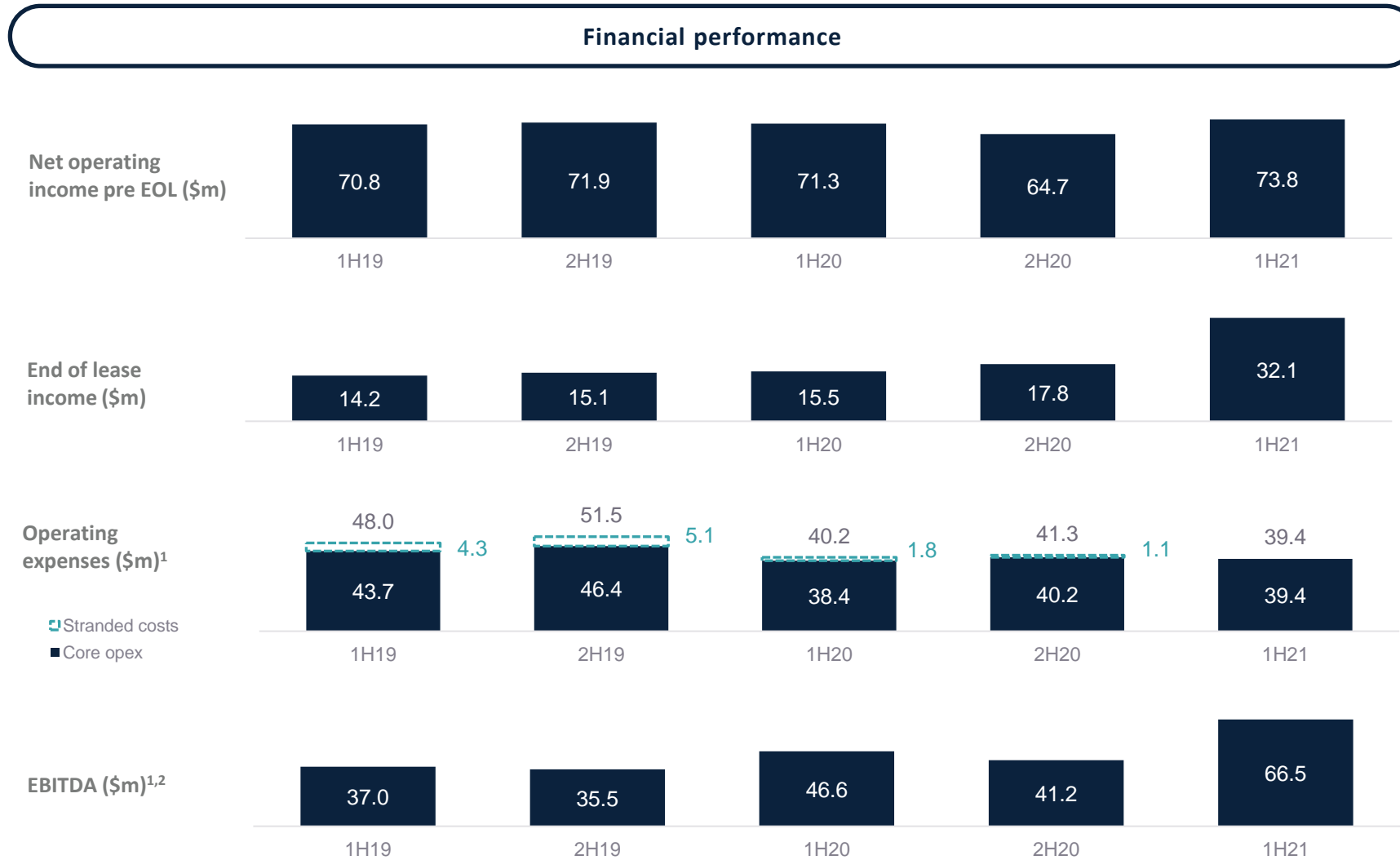


## Comments

- VUMOF down 6% pcp, as the business has exited lower profitable managed only units
- Lower margin managed only units down 5% against 1H20
- Funded units down due to deliberate sell down of inventory levels, and from lower NBW due to supply disruption
- With the run-off of panel, annualised NOI pre EOL & provisions / VUMOF has increased from \$1,467 in 1H20 to \$1,537

# Financial performance

Strong performance across NOI and end of lease income, coupled with disciplined cost management has resulted in record levels of EBITDA



## Comments

**Net operating income pre EOL up 4% on pcp driven by:**

- Net margin expansion and lower provisions being partially offset by lower funding commissions due to lower NBW and lower management fees as the business exits less profitable managed only units

**End of lease income up 107% on pcp driven by:**

- Strong demand for used vehicles coupled with used vehicle supply shortages resulting in inflated prices
- Inflated prices are expected to be temporary in nature while vehicle supply constraints remain

**Operating expenses down 2% on pcp driven by cost reduction from Simplification Plan**

**EBITDA up 43% on pcp driven by strong NOI and elevated EOL income**

Notes:

1. 1H19 and 2H19 results are prior to the implementation of AASB16
2. EBITDA is core standalone after inclusion of non-core stranded costs

# Income statement

The Group delivered NPATA of \$39.3m, up 77% pcp

\$ million	1H21	1H20 (Core standalone <sup>1</sup> )	1H20 (Core)	PCP (%) (Core standalone)
<b>Net operating income (pre end of lease income and impairments)</b>	<b>72.6</b>	<b>73.4</b>	<b>73.4</b>	<b>(1%)</b>
End of lease income	32.1	15.5	15.5	107%
Fleet and credit provisions	1.2	(2.1)	(2.1)	160%
<b>Net operating income</b>	<b>105.9</b>	<b>86.8</b>	<b>86.8</b>	<b>22%</b>
Total operating expenses	(39.4)	(40.2)	(38.4)	2%
<b>EBITDA</b>	<b>66.5</b>	<b>46.6</b>	<b>48.4</b>	<b>43%</b>
Share based payment expense	(2.4)	(2.1)	(2.1)	(11%)
Depreciation and software amortisation	(2.7)	(3.1)	(2.8)	13%
Depreciation and interest on leases (AASB 16)	(2.2)	(3.3)	(2.7)	33%
Amortisation of acquired intangibles	(1.5)	(1.6)	(1.6)	2%
Non-recurring items	0.8	(4.3)	(4.3)	119%
Interest on corporate debt	(5.2)	(8.1)	(5.0)	36%
<b>PBT</b>	<b>53.3</b>	<b>24.1</b>	<b>29.8</b>	<b>121%</b>
Tax expense	(15.5)	(7.1)	(8.8)	(118%)
<b>NPAT</b>	<b>37.8</b>	<b>17.0</b>	<b>21.0</b>	<b>123%</b>
Add back amortisation of acquired intangibles (post tax)	1.1	1.1	1.1	(3%)
Add back non-recurring items (post tax)	(0.7)	3.0	3.0	(123%)
<b>NPATA pre add back of software amortisation (post tax)</b>	<b>38.2</b>	<b>21.1</b>	<b>25.2</b>	<b>81%</b>
Add back software amortisation (post tax)	1.2	1.1	1.1	7%
<b>Cash NPATA</b>	<b>39.3</b>	<b>22.3</b>	<b>26.3</b>	<b>77%</b>

## Comments

- 22% growth in NOI, 43% increase in EBITDA and NPATA at 77% above pcp
- NOI (pre provisions and EOL) down 1% pcp as margin expansion has partially offset the impact from NBW and AUMOF reductions due to new vehicle supply constraints
- End of lease income (EOL) up 107% pcp as EOL per unit is up 141%, slightly offset by a reduction in the number of vehicles sold by 14%
- Fleet and credit provisions have decreased by \$3.3m pcp as higher provisions including a COVID overlay in 1H20 were not repeated in 1H21
- Operating expenses were down 2% pcp driven by disciplined cost management rigour and run rate savings from the Simplification Plan
- Increase in share based payments expense relates to the transition to the new executive and senior leadership remuneration scheme as disclosed in prior periods
- Interest on corporate debt reduced 36% on pcp given ongoing repayment of corporate debt on the back of strong cash generation
- Non-recurring items in 1H21 mainly relate to proceeds received from a legal settlement

Notes:

1. Core standalone includes non-core stranded costs

# Group balance sheet

Successful execution of the Simplification Plan has strengthened the balance sheet and enabled the acceleration of capital returns to shareholders

\$ million	31 Mar 21	30 Sept 20	Prior period (%)
<b>Assets</b>			
Cash and cash equivalents	58.6	55.8	5%
Restricted cash and cash equivalents	164.9	152.0	9%
Trade and other receivables	66.6	68.5	(3%)
Leases	1,193.7	1,237.5	(4%)
Inventory	15.5	18.4	(16%)
Deferred tax assets	12.2	3.4	nm
PP&E	5.2	6.0	(13%)
Intangibles	467.8	469.3	(0%)
Right-of-use assets	18.5	21.6	(14%)
<b>Total assets</b>	<b>2,003.2</b>	<b>2,032.5</b>	<b>(1%)</b>
<b>Liabilities</b>			
Trade and other liabilities	115.4	107.8	7%
Borrowings – Warehouse and ABS	1,145.4	1,190.0	(4%)
Borrowings – Corporate debt	112.9	155.0	(27%)
Provisions	8.7	9.8	(11%)
Other liabilities	16.2	28.1	(42%)
Lease liabilities	20.9	23.8	(12%)
Deferred tax liabilities	35.4	9.6	nm
<b>Total liabilities</b>	<b>1,455.0</b>	<b>1,524.1</b>	<b>(5%)</b>
<b>Net assets</b>	<b>548.2</b>	<b>508.5</b>	<b>8%</b>
Contributed equity	666.1	654.8	2%
Reserves	167.6	177.0	(5%)
Retained earnings	(285.5)	(323.3)	12%
<b>Total equity</b>	<b>548.2</b>	<b>508.5</b>	<b>8%</b>

## Comments

- Transformation into a significantly stronger balance sheet achieved over the past 2 years through the successful execution of the Simplification Plan
- Acceleration of capital return to shareholders with the announcement of a \$20m buyback as detailed on page 9
- Net debt reduced by \$90m down to \$54m and net assets up 8% on the prior period
- Strong organic cash generation allowing a 27% reduction in gross corporate debt
- 4% reduction of leases and warehouse borrowings driven by lower new business writings as a result of new vehicle supply constraints
- Inventory down a further 16% as strong demand for used vehicles, new vehicle supply constraints and elevated lease extension levels result in a net outflow of inventory
- Other liabilities reduced 42% on the prior period, driven by the \$11.9m mark-to-market of interest rate hedge
- Increase in deferred tax liability driven by timing difference created by the instant asset write-off in Australia
- Contributed equity up \$11.3m as a result of issued shares which were purchased by ESOP



# Cash generation

Continued strong organic capital generation supporting Eclipx's repayment of corporate debt and return of capital to shareholders—Cash conversion was 157% in 1H21

## Cash flow

\$m	1H21
<b>Operating cash flow</b>	
Customer receipts	387.5
Payment to suppliers & employees	(171.1)
Income tax paid	(0.9)
Net interest paid	(27.2)
<b>Net operating cash flow</b>	<b>188.3</b>
<b>Investing cash flow</b>	
Purchase of operating & finance lease vehicles	(192.6)
Capex (PP&E & intangibles)	(2.6)
Proceeds from asset disposals net of transaction costs	4.9
Proceeds from sale of operating lease vehicles	118.2
<b>Net investing cash flow</b>	<b>(72.2)</b>
<b>Financing cash flow</b>	
Net change in borrowings	(86.8)
Payment of lease liabilities	(2.0)
Movement in share capital	(11.2)
<b>Net financing cash flow</b>	<b>(99.9)</b>
<b>Net cash flow</b>	<b>16.1</b>

## Organic cash generation and cash conversion

\$m	1H21
<b>Net cash flow</b>	<b>16.1</b>
Proceeds from sale of discontinued operations net of transaction costs	(4.9)
Capex	2.6
Change in corporate debt	42.1
Treasury share purchase	11.2
<b>Organic cash generation</b>	<b>67.2</b>
<b>NPATA (incl. stranded costs) adding back non-cash SBP &amp; depreciation pre tax</b>	<b>42.7</b>
<b>Cash conversion<sup>1</sup></b>	<b>157%</b>

### Comments

- Business generated \$188m of operating cash flow and \$67m of organic cash flow (as defined above)
- Cash generation temporarily elevated given strong EOL performance
- Cash conversion<sup>1</sup> was 157% in 1H21—enhanced by the tax timing difference associated with the Australian instant asset write-off legislation
- \$42m cash used to repay corporate debt

Notes:

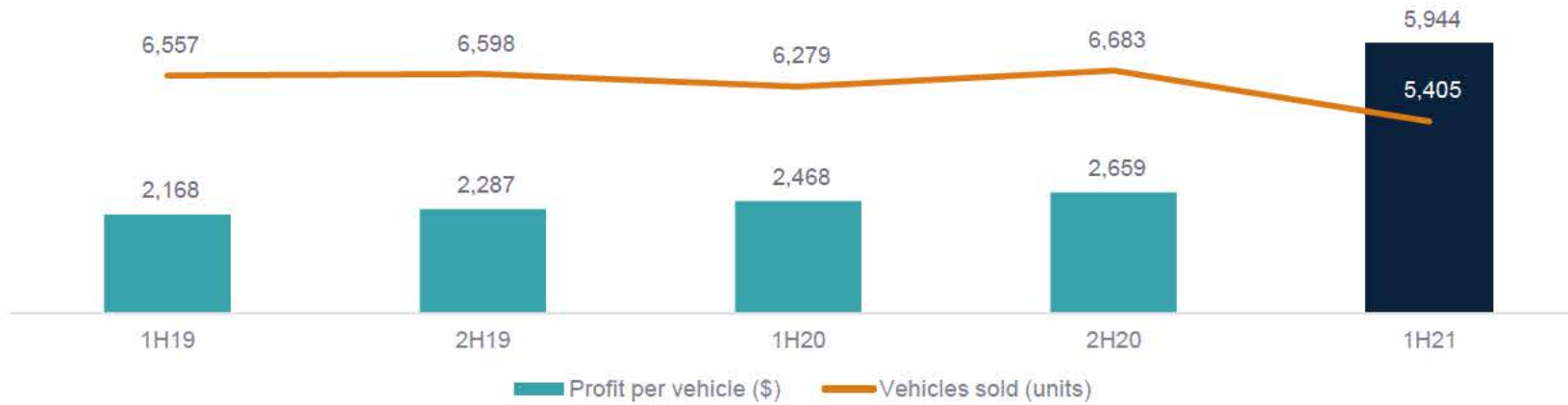
1. Organic cash generation / Core NPATA (including stranded costs) adding back non-cash SBP and depreciation pre tax

## 3. Risk management

# End of lease income up 107% pcp

End of lease income was up 107%, driven by elevated used car prices as a result of new car supply shortages—EOL income expected to return to 1H20/2H19 levels when the supply of new vehicles is restored

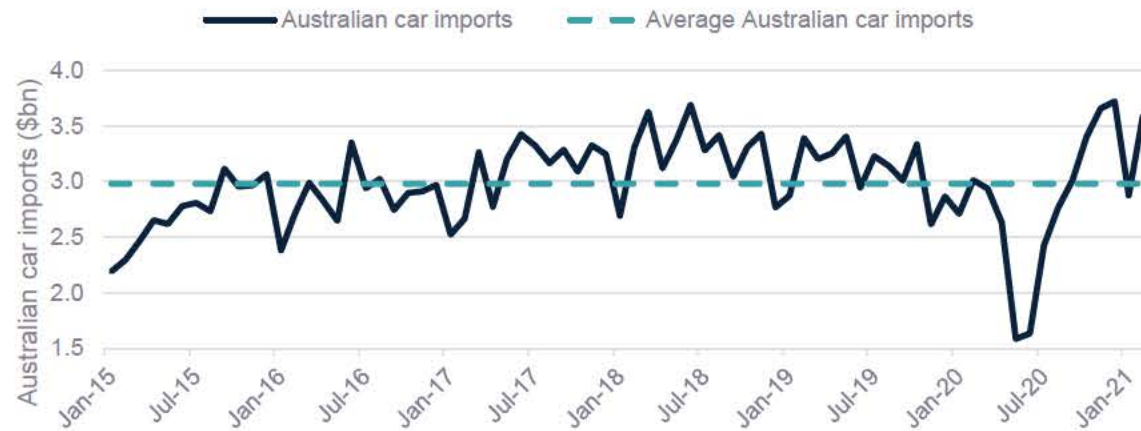
Disposed vehicles and end of lease income per vehicle



## Comments

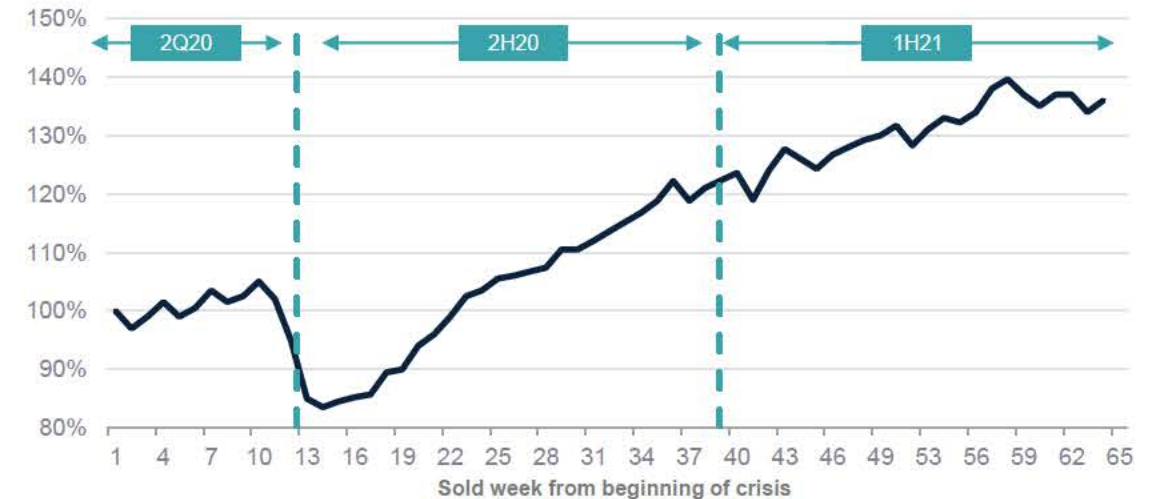
- Temporary elevated used car prices given supply constraints—further enhancing cash flow generation
- Longer term used car pricing expected to revert to 1H20/2H19 levels as supply of vehicles normalises
- Number of units sold lower in 1H21 period due to a 79% increase in lease extensions compared to pcp
- Approach to RV setting unchanged in the half

New car imports—2015 – 2021<sup>1</sup>



Notes:  
 1. Australian Bureau of Statistics  
 2. Datium insights

Used car price outcomes—Weekly used car price index<sup>2</sup>



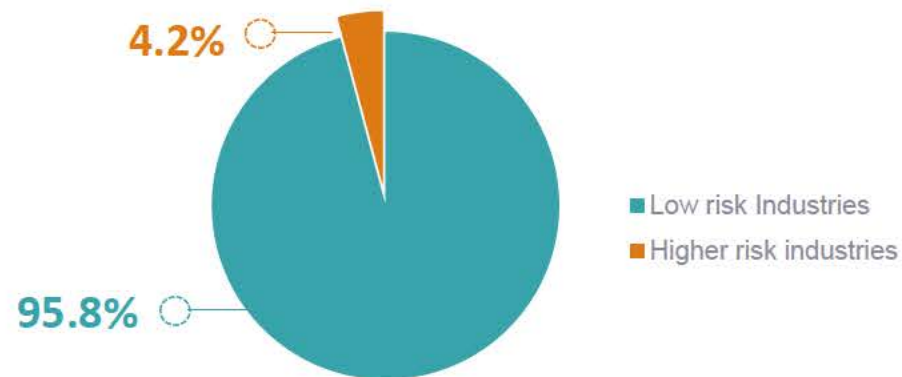
# Portfolio credit risk remains low

The Group remains well placed to face any further macro uncertainty given the quality of the portfolio

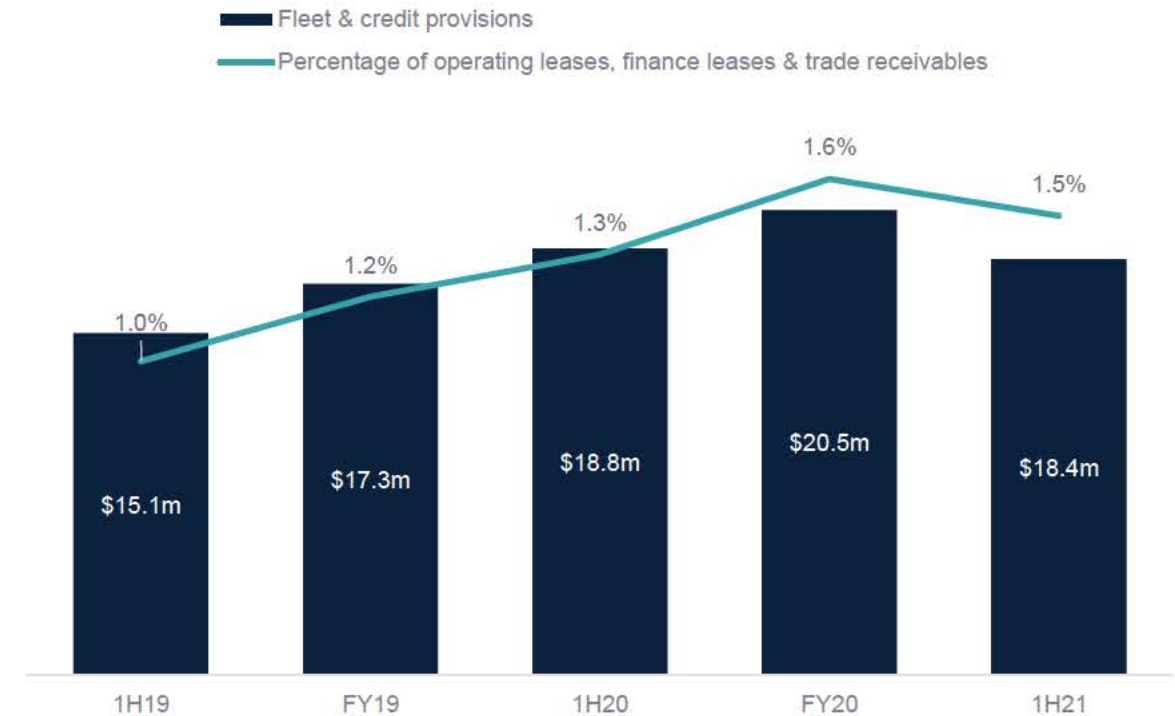
## Comments

- 77% of the exposure of the top 20 customers is investment grade
- 95.8% of the portfolio represents low risk customers, many of which are essential services<sup>1</sup>
- 4.2% of exposure to high risk industries, including air transport, tourism, motor vehicle and transport equipment rental, accommodation and hospitality industries
- 35+ years of experience with unique credit insights through the cycle in A/NZ
- All financing secured by PPSR<sup>2</sup> on vehicles (no unsecured exposure)
- Business-use assets have a strong track record of performance through economic cycles (including the GFC and COVID)

## Portfolio exposure



## Provisioning (% of operating leases, finance leases & trade receivables on balance sheet)



- COVID financial assistance has now ceased, with enquiries for financial assistance minimal in the last quarter

### Notes:

1. Excludes NZ equipment finance portfolio, which is currently in run-off
2. Personal Property Securities Register (PPSR)

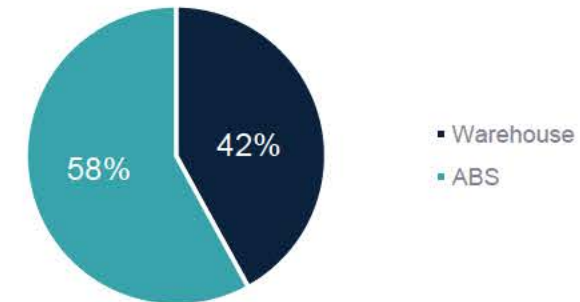
# Platform endorsement by recent Australian ABS issuance

ECX achieved the tightest pricing in the Australian ABS markets since the GFC, while further diversifying its portfolio and credit investor base

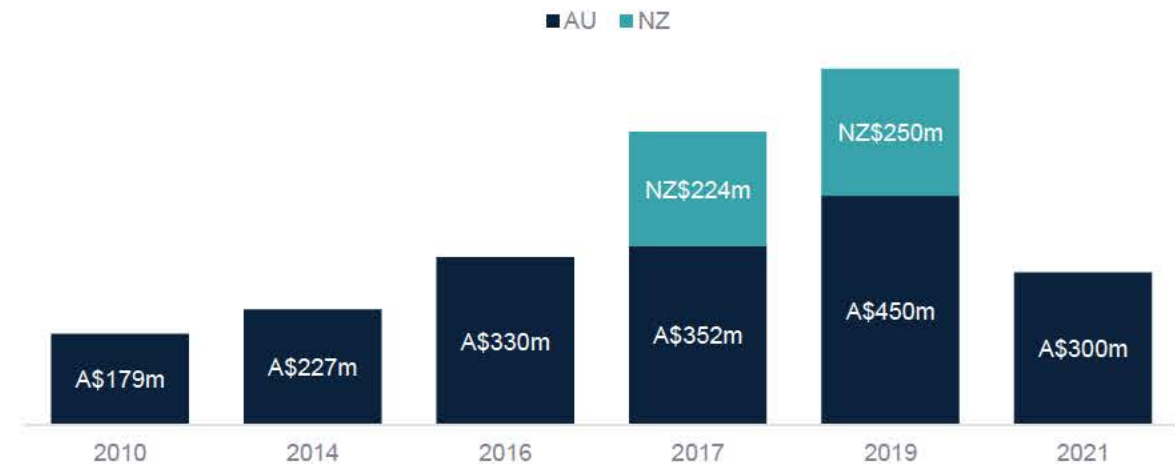
## Comments

- ✓ Most unique and diversified funding structures in the A/NZ FMO market supported by ABS issuance capability
- ✓ ECX settled its sixth Australian (and eight overall) asset backed public market securitisation issuance in March 2021
  - ✓ \$300m issuance increasing warehouse capacity
  - ✓ Achieved the tightest ABS pricing in the Australian securitisation capital markets since the GFC
  - ✓ Introduced new investors
- ✓ Ongoing access to public ABS markets as required
  - Typically, lowers total cost of funds and creates warehouse capacity
  - Eclipx typically issues every 2 years in AUS and 2 – 3 years in NZ

## Asset funding split



## Public market asset backed securitisation issuance



# 1H21 update—expectation analysis

	1H21A	2H21 (expectation)	FY21 (expectation)	Cash item	1H21 update
NOI pre end of lease income & provisions	\$72.6m			✓	<ul style="list-style-type: none"> <li>No guidance provided, but 1H21 has been predictable / consistent with expectations</li> <li>NBW growth of 11% half on half, and order pipeline at all-time highs</li> </ul>
End of lease income	\$32.1m			✓	<ul style="list-style-type: none"> <li>Prices in used vehicle market are materially elevated</li> <li>Price rationalisation expected when new vehicle inventory supply is restored</li> </ul>
Provisions	\$1.2m			✗	<ul style="list-style-type: none"> <li>Subject to no further deterioration in macroeconomic conditions, provisioning expected to be lower than FY20</li> </ul>
<b>NOI</b>	<b>\$105.9m</b>				
Operating expenses (pre AASB 16)	(\$41.6m)	(\$42.4m)	(\$84.0m)	✓	<ul style="list-style-type: none"> <li>Run-rate operating expenses on track</li> </ul>
<b>EBITDA (pre AASB 16)</b>	<b>\$64.3m</b>				
Depreciation	(\$1.0m)	(\$1.5 – 2.0m)	(\$2.5 – 3.0m)	✗	<ul style="list-style-type: none"> <li>Depreciation expectations consistent with guidance given in Nov-20</li> <li>Depreciation in 2H21 elevated vs 1H21 due to one-off depreciation acceleration of IT hardware</li> </ul>
Share based payments	(\$2.4m)	(\$1.6 – 2.6m)	(\$4.0 – 5.0m)	✗	<ul style="list-style-type: none"> <li>SBP expectations consistent with guidance given in Nov-20</li> </ul>
Interest on corporate debt	(\$5.2m)	(\$4.3 - 4.8m)	(\$9.5 – 10.0m)	✓	<ul style="list-style-type: none"> <li>Lowered FY21 expectation from \$10.0 – 11.0m to \$9.5 – 10.0m given higher than expected organic capital generation and a continuation of corporate debt pay down during 1H21</li> </ul>
Tax	29%	29 – 30% (tax rate)	29 – 30% (tax rate)	✓	<ul style="list-style-type: none"> <li>Based on statutory earnings from Australia and New Zealand</li> <li>No Australian corporate cash tax expected to be paid given eligibility for instant asset write-off on operating leases. Deferred tax liability will increase accordingly</li> </ul>

Notes:

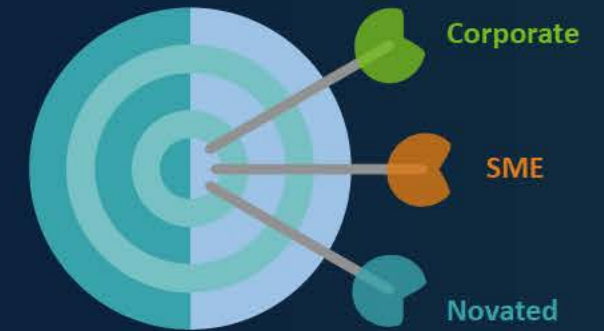
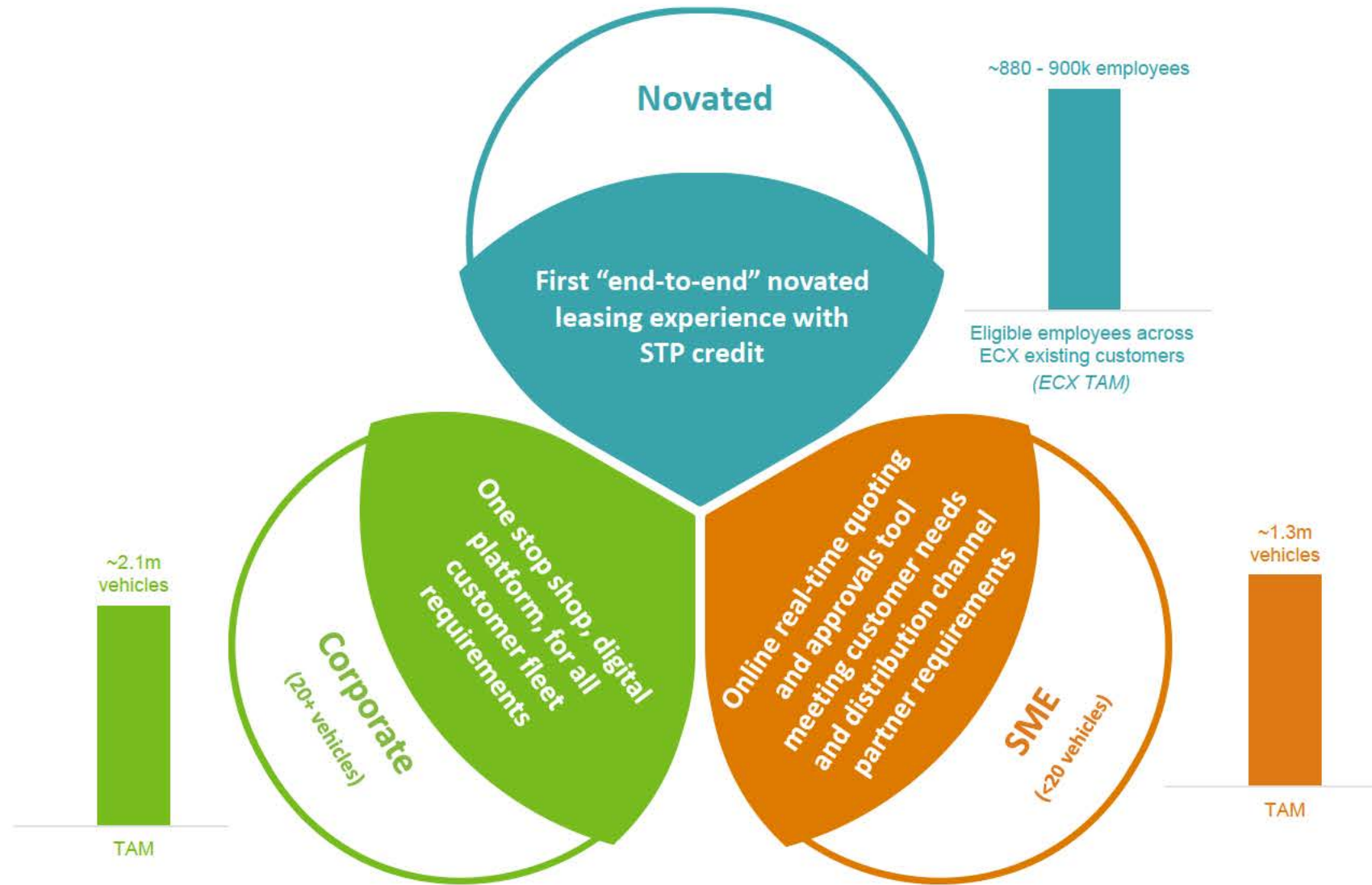
1. 1Q21 vs 4Q20

## 4. Summary & outlook



# Strategic Pathways

Strategic Pathways—implementation is on track



## Strategic objectives

1. Above market growth in Corporate NBW
2. SME distribution partnerships via digital platform and continued scorecard refinements
3. Penetration of existing Novated employee base and expansion of TAM



# Strategic Pathways

## ACHIEVED TO DATE & LOOKING FORWARD—TARGET MARKETS

### 1H21 OUTCOMES

 NOVATED

- 12% NBW growth hoh
- Order pipeline at record highs
- Sales team enhanced
- Launched the pilot of our end-to-end digital origination platform, NOVATED, including auto credit decisioning

 CORPORATE

- 11% NBW growth hoh
- Order pipeline at all time highs
- Strategic hires executed
- Sales alignment/re-training
- Completed full roll-out of our one-stop shop, digital fleet management platform, NITRO

 SME

- Established dedicated team in AU
- Distribution partner expansion
- Partner pipe building
- Launched online partner quoting experience

**novated** LIVE - In Pilot



**73%**

VISITOR TO ACCOUNT CONVERTED

**7m5s**

AVERAGE TIME ON SITE

**NITRO** LIVE



**↑ 40%**

YOY USER INCREASE

**6m1s**

AVERAGE TIME ON SITE

**Online quoting** LIVE - In Pilot



**1m30s**

TURN AROUND TIME

### DIGITAL PLATFORMS

Pilot to full customer roll-out

In-life novated digitisation

Enhanced customer conversion rates

### LOOKING FORWARD

Enhance Nitro through added digital experiences & additional integrated features

Enhancing RV underwriting capabilities at scale (EV/Hydrogen)

Quoting tool partner agnostic

Addition of STP credit experience into quoting engine

Building out team

# Strategic Pathways

## ACHIEVED TO DATE & LOOKING FORWARD—BUSINESS OPERATIONS AND FUNCTIONS

### DIGITAL

Streamlined and centralised CRM enhancing sales effectiveness & data quality

LIVE – Novated & NZ



Cloud data warehouse created to enable data driven insights for the business & our customers

AI/ML Automation  
Predictive model



Centralised operational experience delivering scalability & simplicity

✓ ERP simplification      ✓ API development      ✓ Digital 1<sup>st</sup> operations



Infrastructure transformation enabling systems' scale and sustainability

✓ Cloud Telephony      ✓ Critical Systems Upgraded and Transformed  
✓ Cloud Datacenter Created      ✓ Information Security Resilience



### TRADITIONAL

- ✓ Revamped content-based marketing
- ✓ Attracted industry leading sales personnel
- ✓ Added sales headcount to SME & Novated
- ✓ Restructured sales team and incentives to drive aligned financial outcomes
- ✓ Refined our residual underwriting capabilities for both electric and hydrogen vehicles

### LOOKING FORWARD

- Improve marketing & sales force effectiveness
- Enhanced EV and Hydrogen holistic product offering



# FY21 outlook

## Supply disruption

Impacting vehicle deliveries (NBW), but customer order pipeline at all-time highs and building

EOL expected to remain elevated while new vehicle supply remains constrained

Current tender activity & Strategic Pathways supporting sustainable growth outlook

## Strategic Pathways on track

Six months into execution and progressing to plan

## Disciplined approach to assessing sector consolidation alternatives

Post Simplification, consolidation options are under ongoing review, but subject to price and return hurdles

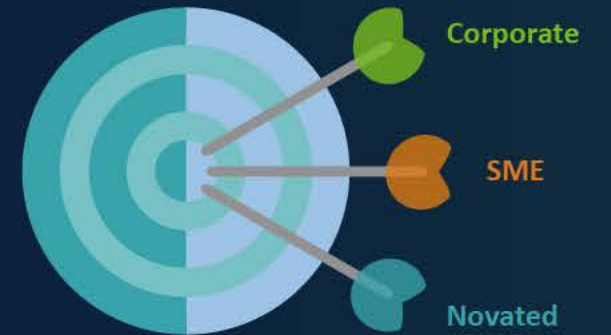
## Platform well positioned

- Clean and simple FMO, post Simplification
- 1H21 NPATA up 77% on pcp
- 157% cash conversion
- Balance sheet below lower end of target range providing strategic flexibility
- Liquidity position provides conservative downside risk overlay
- Platform endorsement by recent public ABS executed at tightest pricing in Australian ABS markets since GFC
- Placed to take a leading positions in our target markets in a normalised environment

## Capital management

Up to \$20m on-market share buy-back in 2H21, six months ahead of initial internal plan

## Strategic Pathways



# Questions



# Appendix

# Business unit performance

## NEW SEGMENTS – 1H21

(\$m, unless stated)	Fleet AU	Novated AU	Fleet NZ	Core	R2D	Consumer (CL/ Georgie)	Divested / Non- Core	Group
NOI before EOL & Impairments	42.0	11.5	19.0	72.6	–	–	–	72.6
End of lease	21.2	0.7	10.2	32.1	–	–	–	32.1
Impairments	0.3	(0.0)	0.9	1.2	–	–	–	1.2
NOI	63.6	12.1	30.2	105.9	–	–	–	105.9
Operating expenses	(24.8)	(7.3)	(7.3)	(39.4)	–	–	–	(39.4)
EBITDA	38.8	4.8	22.9	66.5	–	–	–	66.5
Cash NPATA	22.3	2.5	14.6	39.3	–	–	–	39.3

## NEW SEGMENTS – 2H20

(\$m, unless stated)	Fleet AU	Novated AU	Fleet NZ	Core	R2D	Consumer (CL/ Georgie)	Divested / Non- Core	Group
NOI before EOL & Impairments	39.5	11.2	16.8	67.5	3.9	0.1	4.0	71.4
End of ease	11.7	0.5	5.6	17.8	0.1	–	0.1	17.8
Impairments	(1.5)	(0.0)	(1.3)	(2.8)	(0.0)	0.0	0.0	(2.7)
NOI	49.7	11.7	21.1	82.5	4.0	0.1	4.0	86.5
Operating expenses	(27.2)	(6.6)	(6.4)	(40.2)	(6.0)	(0.0)	(6.1)	(46.3)
EBITDA	22.5	5.1	14.7	42.3	(2.1)	0.0	(2.0)	40.3
Cash NPATA	11.1	2.4	7.7	21.2	(2.9)	(0.2)	(3.1)	18.1

## NEW SEGMENTS – 1H20

(\$m, unless stated)	Fleet AU	Novated AU	Fleet NZ	Core	R2D	Consumer (CL/ Georgie)	Divested / Non- Core	Group
NOI before EOL & Impairments	41.1	12.6	19.7	73.4	7.5	0.9	8.4	81.8
End of ease	11.1	0.4	4.0	15.5	(1.2)	–	(1.2)	14.3
Impairments	(0.2)	0.0	(1.9)	(2.1)	0.2	0.1	0.3	(1.8)
NOI	52.0	13.0	21.8	86.8	6.6	0.9	7.5	94.4
Operating expenses	(22.9)	(6.3)	(9.3)	(38.4)	(16.5)	(2.3)	(18.7)	(57.2)
EBITDA	29.1	6.7	12.6	48.4	(9.9)	(1.3)	(11.2)	37.2
Cash NPATA	15.8	3.9	6.6	26.3	(9.4)	(1.4)	(10.7)	15.5

# Group Income statement

\$ million	1H21	1H20	PCP (%)
Net operating income (pre end of lease income and impairments)	72.6	81.8	(11%)
End of lease income	32.1	14.3	124%
Fleet and credit provisions	1.2	(1.8)	169%
<b>Net operating income</b>	<b>105.9</b>	<b>94.4</b>	<b>12%</b>
Total operating expenses	(39.4)	(57.2)	31%
<b>EBITDA</b>	<b>66.5</b>	<b>37.2</b>	<b>79%</b>
Share based payment expense	(2.4)	(2.1)	(11%)
Depreciation and software amortisation	(2.7)	(3.1)	13%
Depreciation and interest on leases (AASB 16)	(2.2)	(3.3)	33%
Amortisation of acquired intangibles	(1.5)	(1.6)	2%
Non-recurring items	0.8	(1.7)	147%
Interest on corporate debt	(5.2)	(8.1)	36%
<b>PBT</b>	<b>53.3</b>	<b>17.3</b>	<b>209%</b>
Tax expense	(15.5)	(4.1)	(282%)
<b>NPAT</b>	<b>37.8</b>	<b>13.2</b>	<b>186%</b>
Add back amortisation of acquired intangibles (post tax)	1.1	1.1	(3%)
Add back non-recurring items (post tax)	(0.7)	0.1	NM
<b>NPATA pre ad back of software amortisation (post tax)</b>	<b>38.2</b>	<b>14.4</b>	<b>165%</b>
Add back software amortisation (post tax)	1.2	1.1	7%
<b>Cash NPATA</b>	<b>39.3</b>	<b>15.5</b>	<b>153%</b>

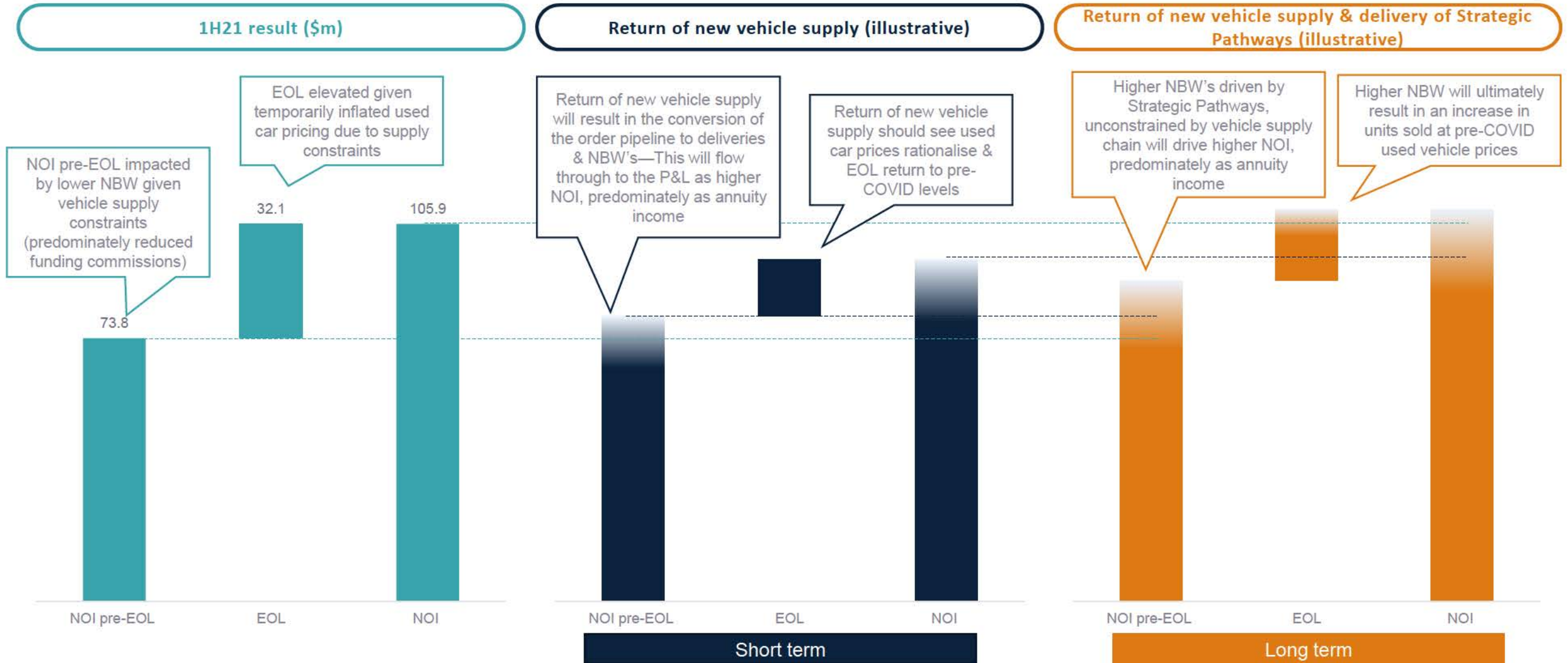
# Operating expense reconciliation

\$ million	1H20	FY20	1H21	FY21 (expectation)
<b>Operating expenses</b>	<b>(38.4)</b>	<b>(78.7)</b>	<b>(39.4)</b>	<b>(79.6)</b>
Depreciation and interest on leases (AASB 16)	(2.7)	(5.3)	(2.2)	(4.4)
<b>Operating expenses (pre AASB16)</b>	<b>(41.1)</b>	<b>(83.9)</b>	<b>(41.6)</b>	<b>(84.0)</b>
Stranded costs (pre AASB 16)	(2.4)	(3.8)	-	-
Stranded costs (post AASB 16)	(1.8)	(2.8)	-	-
<b>Standalone operating expenses (pre AASB16)</b>	<b>(43.5)</b>	<b>(87.7)</b>	<b>(41.6)</b>	<b>(84.0)</b>
<b>Standalone operating expenses (post AASB16)</b>	<b>(40.2)</b>	<b>(81.5)</b>	<b>(39.4)</b>	<b>(79.6)</b>



# Illustrative financial profile for the unwind of supply disruption

As new vehicle supply is restored, we expect a return to more normal NBW levels (expected to be accelerated by Strategic Pathways)—this in turn will generate mostly annuity-style NOI from AUMOF, while EOL is expected to return to pre-COVID levels



**END**

