

Q4 2021 Investor Presentation



Forward-looking statements

This presentation contains certain forward-looking statements and forward-looking information regarding Element Fleet Management Corp. ("Element") and its business which are based upon Element's current expectations, estimates, projections, assumptions and beliefs. In some cases, words such as "plan", "expect", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "target", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements and forward-looking information. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information.

Forward-looking statements and information in this presentation may include, but are not limited to, statements with respect to, among other things, the impact that the COVID-19 pandemic may have on Element's financial condition, operating results and cash flows; the impact that manufacturers' production delays will have on Element's business; the objectives, vision and strategies of Element; the future financial reporting of Element; future cash flows, financial condition, financial performance, operating performance, financial ratios, projected asset base, capital structure and capital expenditures; Element's after-tax adjusted operating income per share and free cash flow per share; Element's expectations regarding revenue growth; Element's EV strategy and capabilities; global EV adoption rates; Element's anticipated dividend policy and plans for future dividends; Element's ability to deliver returns and benefits from its initiatives; client acquisition, retention and experience; relationships with suppliers; anticipated cash needs, capital requirements, need for and cost of additional financing and ability to access such financing; future assets; demand for services; Element's competitive position; anticipated trends and challenges in Element's business and the markets in which it operates; Element's ability to generate pre-tax run-rate operating income; expectations regarding syndication; Element's ability to increase total shareholder return; Element's ability to pre-fund redemption of its outstanding convertible debentures upon their maturity; Element's ability to redeem its preferred shares; Element's dividend policy and the payment of future dividends; Element's proposed share purchases, including the number of common shares to be repurchased, the timing thereof and TSX acceptance of the normal course issuer bid and any renewal thereof; and expectations regarding credit ratings.

By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and information in this presentation speak only as of the date on the front of this presentation. The forward-looking information and statements contained in this presentation reflect several material factors, expectations and assumptions of Element including, without limitation: that Element will conduct its operations in a manner consistent with its expectations and, where applicable, consistent with past practice; acceptable negotiations with third parties; the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax and regulatory regimes; certain cost assumptions; the continued availability of adequate debt and/or equity financing and cash flow to fund its capital and operating requirements as needed; Element's net interest margin; expectations regarding syndication; growth in lease receivables and service income; assumed rate of cost inflation; assumed applicable foreign exchange rates and applicable income tax rates; Element's funding mix; terms of new instruments issued to refinance Element's 2024 convertible debentures; the reset rates for Element's outstanding preferred shares; the extent of its assets and liabilities; the impact of vehicle manufacturers' ability to deliver vehicles; and, in the case of the forward-looking statements regarding financial outlook, that Element will achieve the expected benefits, costs and timing of the transformation plan. Element believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking events and circumstances discussed in this presentation may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting Element, including risks regarding the fleet management and finance industries, economic factors, risks related to the addition of new clients, risks related to the payment of dividends, risks relating to business integration and many other factors beyond the control of Element. The COVID-19 pandemic has cast additional uncertainty on Element's expectations, estimates, projections, assumptions and beliefs. The duration, extent and severity of the impact the COVID-19 pandemic, including measures to prevent its spread, will have on Element's business remains uncertain and difficult to predict at this time. No forward-looking statement can be guaranteed and Element cannot guarantee future results, levels of activity, performance or achievements. Accordingly, readers should not place undue reliance on any forward-looking statements or information. A discussion of the material risks applicable to Element can be found in Element's most recent Management Discussion and Analysis document as well as the most recent such document in respect of a full calendar year, and Element's Annual Information Form, each of which have been or will be filed on SEDAR and can be accessed at www.sedar.com. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Element disclaims any intention and assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Disclaimer

An investment in the securities of Element involves significant risks. A discussion of some of the material risks affecting Element and its business appears under the heading “Risk Factors” in Element’s Annual Information Form dated on or about March 1, 2022, and under the headings “Risk Management” and “Critical Accounting Policies and Estimates” in Element’s Management Discussion and Analysis for the three- and twelve-month periods ended December 31, 2021, all of which have or will have been filed on SEDAR and can be accessed at Element’s profile on www.sedar.com. Prospective investors should carefully consider the risks associated with an investment in the securities of Element before deciding to purchase any such securities.

Unless the context otherwise requires, references to “\$” are to Canadian dollars.

Non-IFRS Measures

In this presentation, management presents measures that do not have a standardized meaning under IFRS and may not be comparable to similarly-named or any other non-GAAP measures presented by other organizations. Descriptions of the non-GAAP measures presented in this document can be found in Element’s Management Discussion & Analysis that accompanies the financial statements for the most recent quarter or year, which have been filed on SEDAR (www.sedar.com).

Business overview

The largest pure-play automotive fleet manager in the world, Element (TSX: EFN) is a global B2B and B2G services company

\$1.05

FY21 Free
Cash Flow
per Share

52.6%

FY21 Operating
Margin

15.4%

Return on
Equity²

- Market leader in North America and Australia / New Zealand
- Resilient recurring revenues from a growing base of loyal, world-class clients across 5 countries and 700+ industries
- Industry-leading scalable operating platform with minimal capex requirements
- Ample free cash flow being returned to shareholders by way of ongoing share buybacks and growing common dividends
- Transparent, accountable, proven management team with track record of creating value for shareholders
- Attractive industry dynamics including high barriers to entry

Business overview

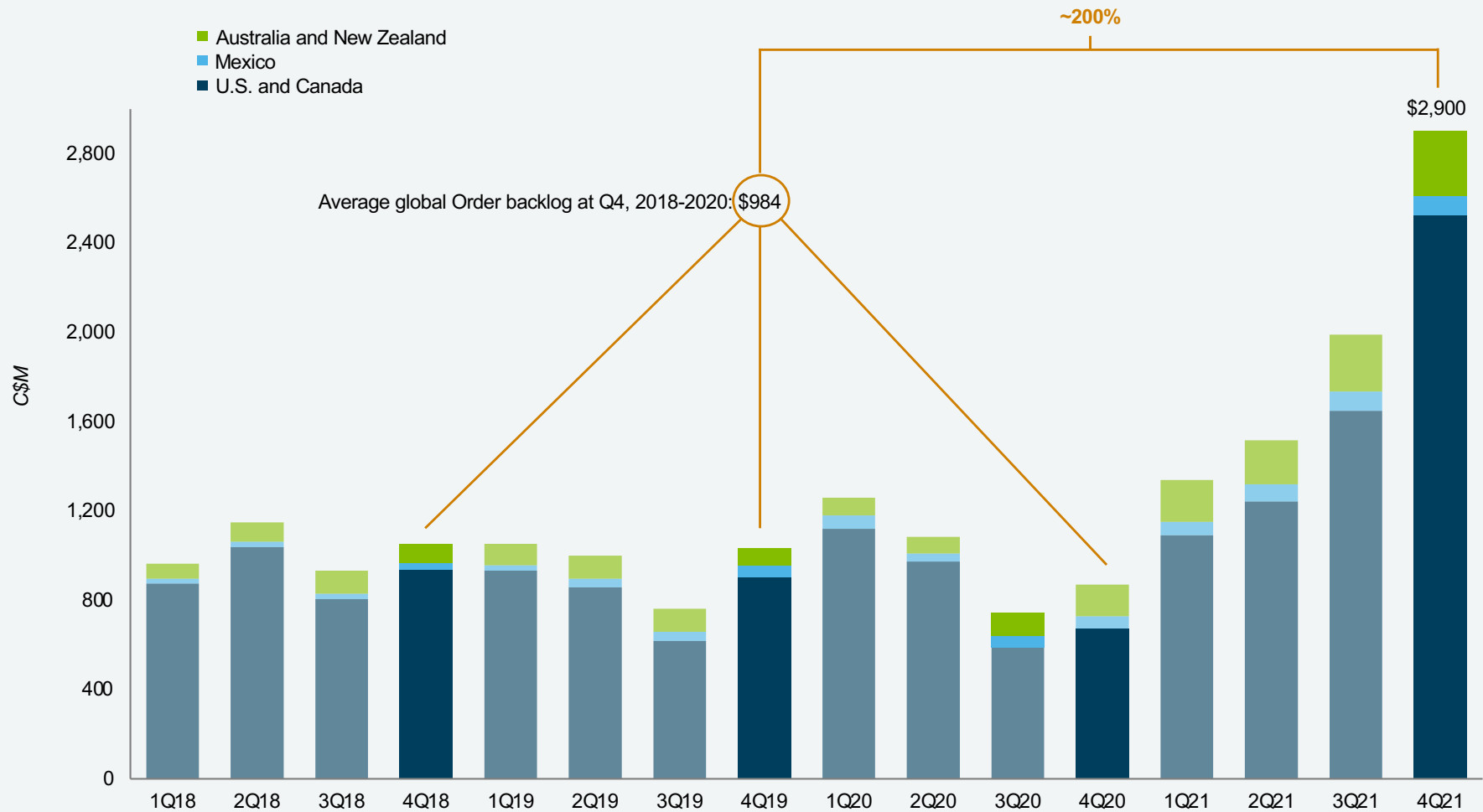
Resilient business model consistently generates strong cash flows and solid financial results throughout economic cycles

- 1 Essential business services provider**
 - Fleet vehicles are essential for our clients to sustain revenues and/or meet stakeholder needs, ensuring continuity of demand for and utilization of our services
- 2 Compelling value proposition**
 - We leverage our scale – purchasing power & data – to reduce the total cost of fleet operations for our clients, who outsource management of their vehicles to Element thereby eliminating in-house administrative burden
- 3 High client retention**
 - Outsourced business services are virtually never repatriated in-house. The nature of our relationships with our clients translate into high switching costs and thus, very low client turnover: 98% is our historical average annual client revenue retention rate
- 4 Widely distributed client base**
 - Our company serves over 5,500 clients across five sizable geographies in over 700 industries, mitigating risks of exposure to regional and sectoral business cycles
- 5 Organic revenue growth runway**
 - 55-65% of our addressable markets are currently unpenetrated, meaning prospective clients currently self-manage their fleets and have never experienced the cost-saving and productivity-enhancing benefits of outsourced fleet management services
- 6 Scalable operating platform**
 - Our transformed, industry-leading service platform underpins >50% operating margins that magnify net revenue growth into superior operating income growth
- 7 Capital-lighter business model**
 - Our evolving capital-lighter business model incorporates increased service penetration (share of wallet) and strategic fleet asset syndication to enhance returns on equity
- 8 Excess free cash flow**
 - The tax attributes of automotive fleet assets drastically reduce our cash tax burden. Combined with minimal capex required to sustain our operations, Element's free cash flow per share routinely exceeds our reported earnings per share

OEM production shortages

Robust client demand for new vehicles, along with OEM production shortages, have driven our global Order backlog to a record \$2.9B

Global Order backlog excluding Armada, in constant currency (CC)



2022 / 2023 Outlook

We expect revenue, operating income and cash flow deferred by OEM production delays to begin to be recovered in H2 2023

We estimate our \$1.9 billion “excess” Order backlog¹ at December 31, 2021 - originated over the course of 12 months - would generate the following within that period:

- \$45 to \$55 million of net revenue,
- \$40 to \$50 million of adjusted operating income, and
- \$55 to \$65 million of free cash flow.

Based on these estimates, we reiterate below the outlook we provided in November 2021 on our anticipated net revenue, adjusted operating income and free cash flow results for 2022 and 2023.²

For certainty: there have been no changes to our 2022 or 2023 estimates since November 2021.

	2022 Estimates	2023 Estimates
Net revenue	• \$975-995 million	• \$1,050-1,080 million
	• 1-3% year-over-year growth ³	• 8-10% year-over-year growth
Adjusted operating income (AOI)	• \$510-530 million	• \$570-600 million
	• 52-53% operating margin	• 53-55% operating margin
	• 1-3% year-over-year AOI growth ³	• 10-16% year-over-year AOI growth
Free cash flow (FCF) per share	• \$0.87-0.90 Adjusted EPS	• \$1.00-1.05 Adjusted EPS
	• \$435-455 million FCF	• \$530-560 million FCF
	• \$1.09-1.14 FCF per share	• \$1.35-1.42 FCF per share
	• 8-13% year-over-year FCF per share growth ³	• 20-27% year-over-year FCF per share growth



1. \$1.9 billion in backlogged Orders, over and above Element’s average year-end global backlog of approximately \$1 billion in Orders.
 2. 2022 and 2023 estimates are based on Q3 2021 FX rates.
 3. 2022 estimated growth rates represent variances to forecast 2021 results disclosed in November 2021.

Q4 & FY 2021 Results



Q4 & FY 2021 Results

Fourth quarter and full-year results reflect consistent focus on growth priorities

1. Element grew 2021 net revenue 1.1% year-over-year as reported and 5.8% in constant currency to \$974 million
2. 2021 income before taxes grew 37.4% year-over-year; and adjusted operating income grew 2.1% year-over-year as reported and 7.2% in constant currency, highlighting the profitability of net revenue growth atop the Company's scalable operating platform
3. Q4 EPS was \$0.21; and Q4 adjusted EPS was also \$0.21, down 2 cents per share from Q4 2020 as reported and 1 cent in constant currency. Q4 2021 adjusted EPS was flat quarter-over-quarter both as reported and in constant currency
4. Q4 free cash flow per share was \$0.29, up 5 cents per share from Q4 2020 and 2 cents quarter-over-quarter, each in constant currency
5. Element received the highest quarterly volume of Orders in its history in Q4, growing the Company's global Order backlog 46% from Q3 to a record \$2.9 billion at year's end
6. Element returned \$644 million cash to common shareholders in 2021 through dividends and share buybacks

Q4 & FY 2021 Results

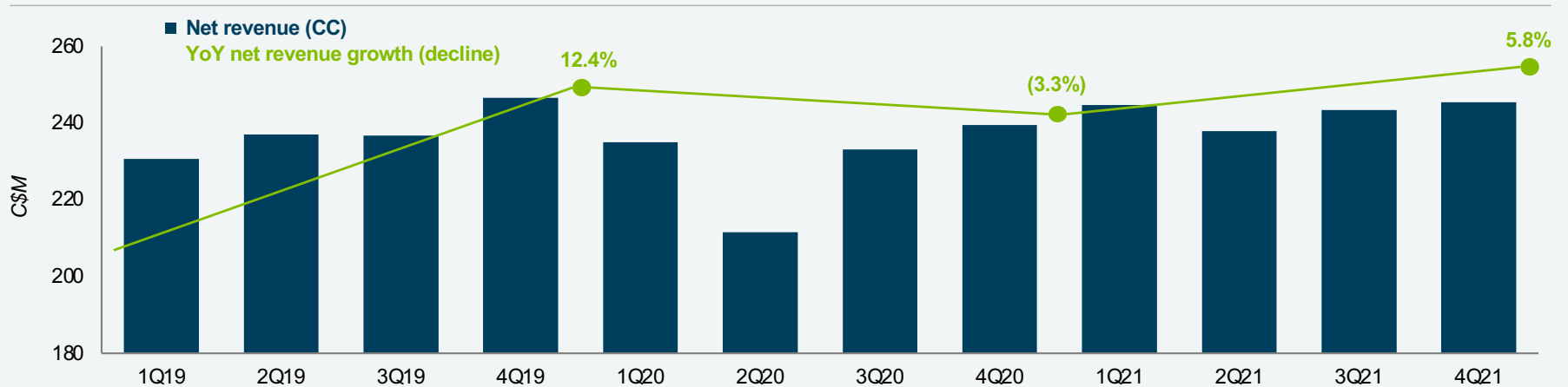
2021 year-over-year net revenue growth was near the top end of our target 4-6% range

Constant currency	For the three-month periods ended			For the twelve-month periods ended	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
<i>(values in \$000's for stated amounts, except share and per share amounts)</i>					
Services revenue, net	123,716	121,008	113,265	472,465	457,527
Net financing revenue	107,245	108,386	103,106	436,945	391,449
Syndication revenue, net	14,521	13,952	23,112	64,412	71,026
Net revenue	245,482	243,346	239,483	973,822	920,002
Salaries, wages and benefits	82,112	78,275	75,323	306,884	290,082
General and administrative expenses	27,074	24,396	26,463	104,401	111,447
Depreciation and amortization	13,735	15,797	10,040	50,537	40,819
Adjusted operating expenses	122,921	118,468	111,826	461,822	442,348
Adjusted operating income	122,561	124,878	127,657	512,000	477,654
Operating margin	49.9%	51.3%	53.3%	52.6%	51.9%
Provision for taxes applicable to adjusted operating income	28,189	31,231	23,170	124,313	83,446
Cumulative preferred share dividends	8,103	8,103	8,103	32,412	40,820
After-tax adjusted operating income attributable to common shareholders	86,269	85,544	96,384	355,275	353,388
Weighted average number of shares outstanding [basic]	409,175	416,353	440,253	423,070	438,571
After-tax adjusted operating income per share [basic]	0.21	0.21	0.22	0.84	0.81

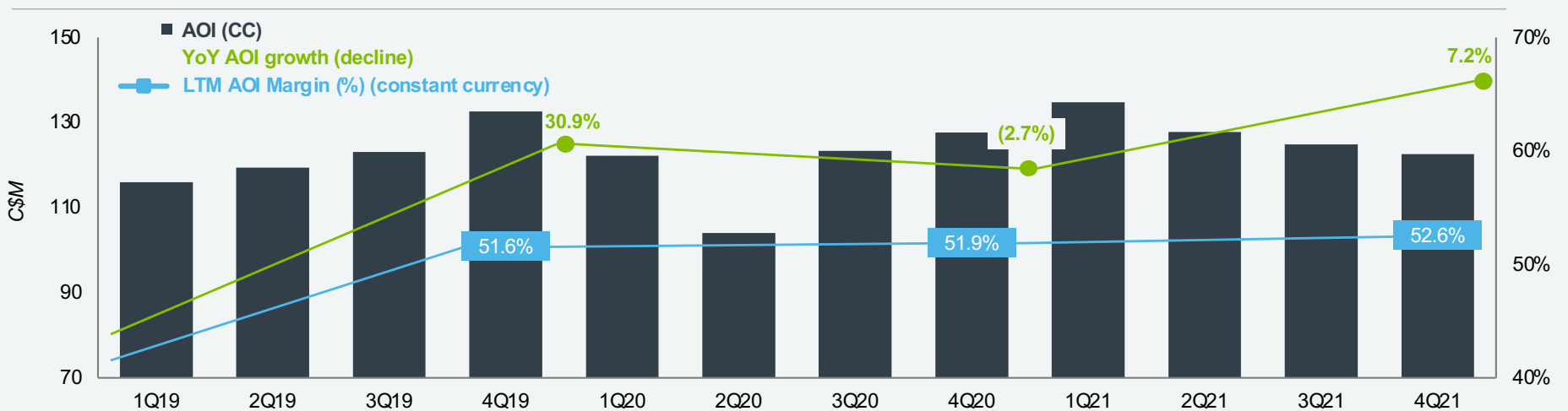
Q4 & FY 2021 Results

Global net revenue and adjusted operating income continue to grow, with deferred value accumulating in our Order backlog

Global net revenue growth full-year-over-full-year (YoY)



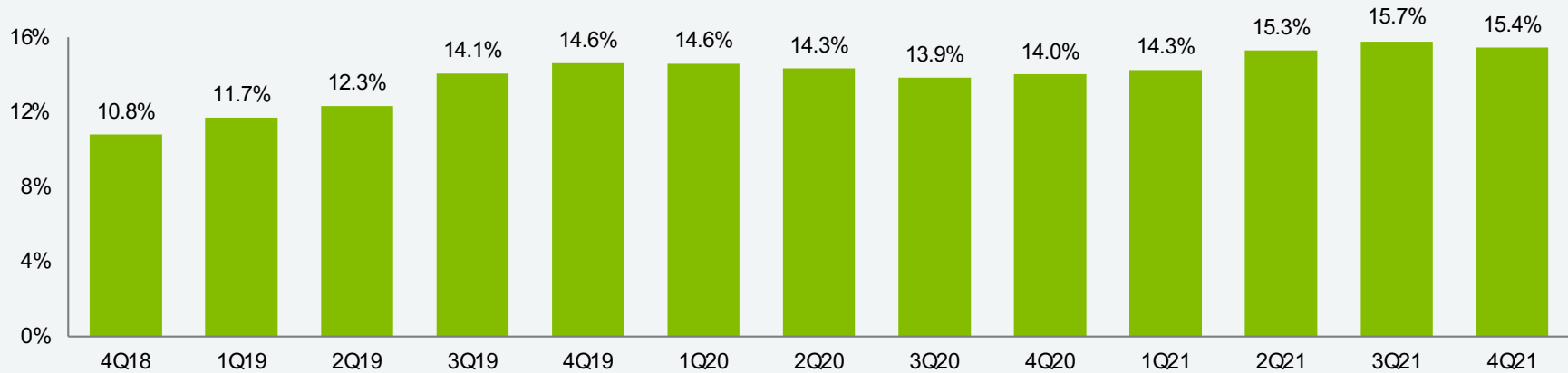
Global adjusted operating income (AOI) growth YoY



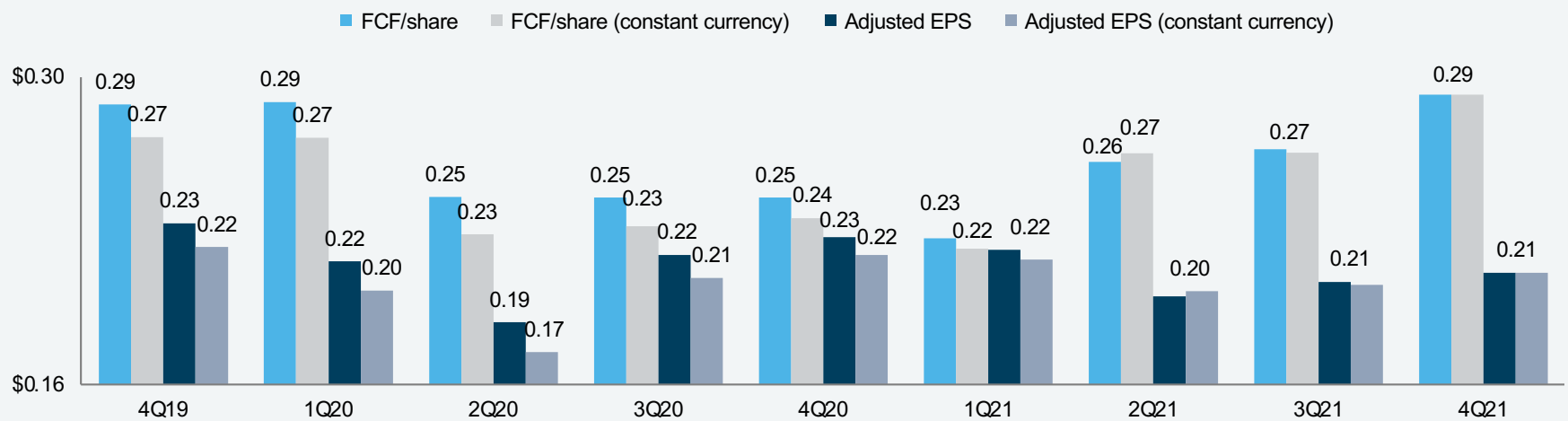
Q4 & FY 2021 Results

Our capital-lighter business model enhances ROE, and free cash flow per share routinely exceeds adjusted EPS

Pre-tax return on common equity



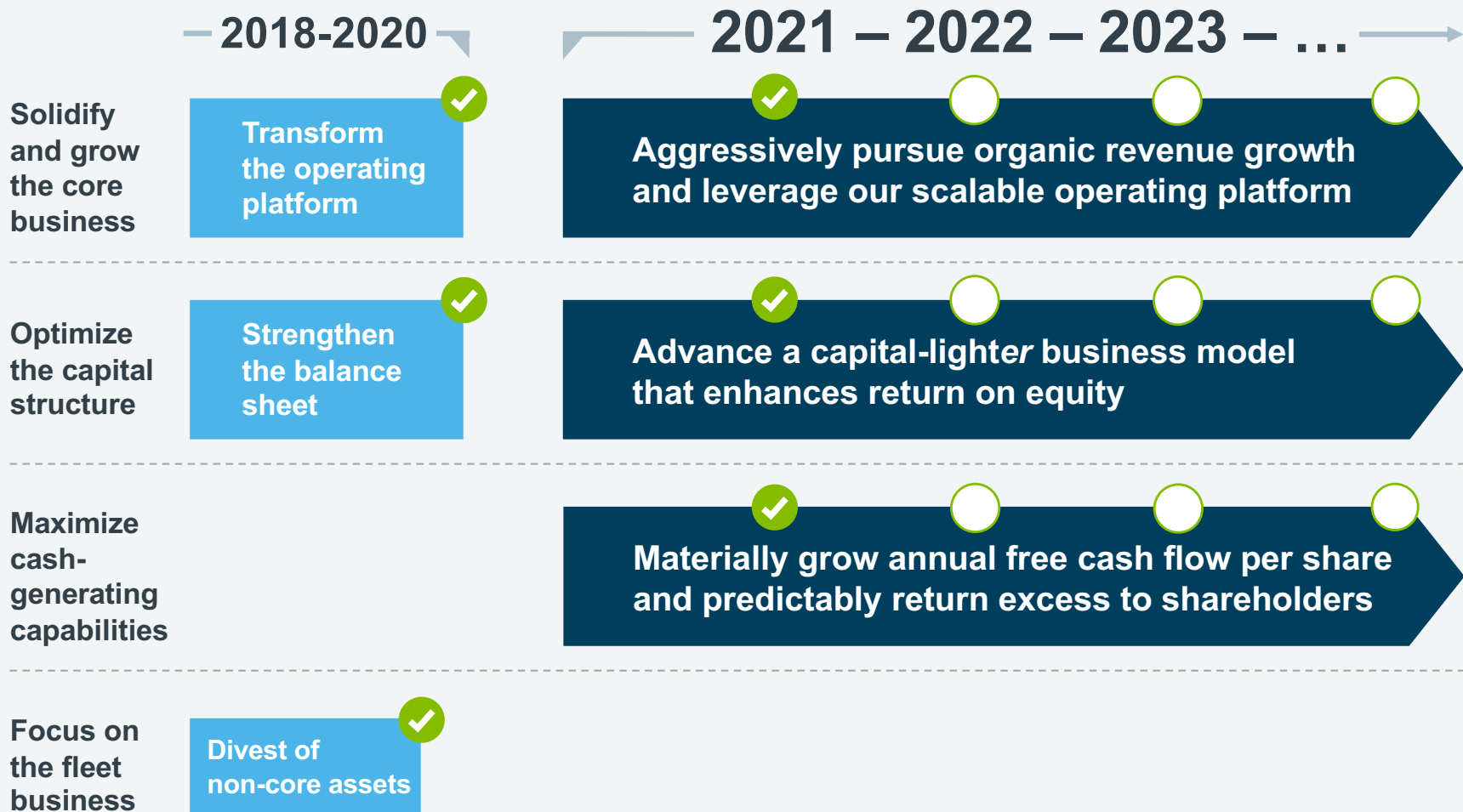
Free cash flow per share



Strategic priorities

Strategic priorities

We achieved our strategic growth objectives in 2021 and expect to continue doing so in 2022, 2023 and beyond



Strategic priorities

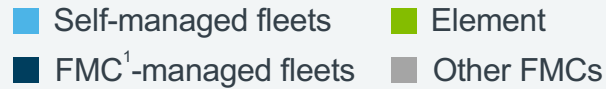
We are aggressively pursuing profitable net revenue growth

Five sources of global net revenue growth:

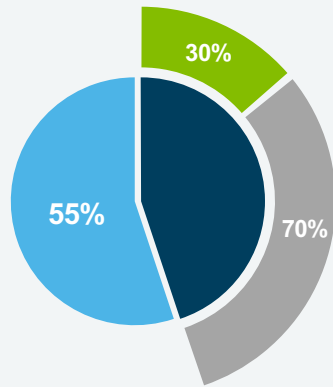
- 1 Retaining existing clients (improving on 98% industry average)
- 2 Increasing client profitability and service penetration (share of wallet)
- 3 Winning new clients from other FMCs (improved salesforce effectiveness)
- 4 Converting self-managed fleets into Element clients
- 5 Reducing costs that offset gross revenues to derive net revenue

Strategic priorities

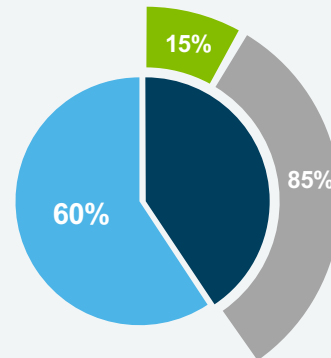
Self-managed fleets represent a very large opportunity for sustained organic net revenue growth across our footprint



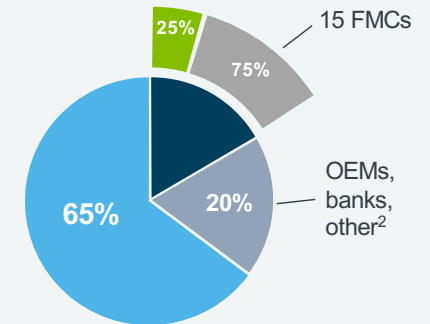
U.S. & Canada



Australia & New Zealand



Mexico



Annual potential net revenue to FMCs

\$6.0 billion

\$3.3 billion

\$3.6 billion



1. Fleet Management Companies like Element
 2. ~20% of the Mexican fleet market procures financing (only) from OEMs, banks and other commercial lenders.

ESG Scorecard

Element is committed to sustainability and we are leading with the transparency and integrity we are known for

As part of our commitment to ESG, our ESG Scorecard is incorporated into and linked to Element’s Global Balanced Scorecard – to drive performance in the coming years. In 2021, Element’s first year formally tracking ESG metrics, our priority was to develop a robust baseline, which we will publish in our second annual ESG Report in 2022. As our ESG strategy matures, our Scorecard will evolve in alignment.

	2021 Strategic Objectives	2021 Metrics
Sustainability Reduce carbon footprint and invest in green technology	<ul style="list-style-type: none"> Reduce client fleet petroleum consumed 	<ul style="list-style-type: none"> Cumulative grams of CO₂ saved
	<ul style="list-style-type: none"> Reduce EFN carbon emissions 	<ul style="list-style-type: none"> Electrification of internal fleet
	<ul style="list-style-type: none"> Enable client fleet electrification 	<ul style="list-style-type: none"> EV originations
Diversity and Inclusion Foster D&I in our workforce and in our communities	<ul style="list-style-type: none"> Attract and develop a diverse workforce 	<ul style="list-style-type: none"> Diversity representation
	<ul style="list-style-type: none"> Promote diversity across our supply chain 	<ul style="list-style-type: none"> Track pass-through spend/volume driven to minority and women-owned suppliers
	<ul style="list-style-type: none"> Give back to our communities 	<ul style="list-style-type: none"> Total employee volunteered time Corporate donations
Satisfaction & Safety Prioritize client and employee Safety & Satisfaction	<ul style="list-style-type: none"> Improve employee and client satisfaction 	<ul style="list-style-type: none"> Global Employee Engagement Index Global NPS Score
	<ul style="list-style-type: none"> Improve client and driver safety 	<ul style="list-style-type: none"> Number of accidents per million kilometers driven
Governance Increase ESG reporting, education and awareness	<ul style="list-style-type: none"> Improve external ESG scores 	<ul style="list-style-type: none"> EcoVadis and ISS scores
	<ul style="list-style-type: none"> Board composition 	<ul style="list-style-type: none"> Director independence, diversity and tenure

A global fleet leader

Element is the largest pure-play automotive fleet manager in the world, providing B2B / B2G services that lower clients' total cost of fleet operations and make their vehicles and drivers **safer, smarter** and **more productive**.

Dominant market position in North America and the market leader in Australia / New Zealand

Resilient recurring revenues from a growing base of loyal, world-class clients across 700+ industries

Ample free cash flow returned to shareholders through common dividends and share buybacks

Accountable management with proven ability to create value

Reliable 4-6% annual net revenue growth in normal market conditions