News Release

Amounts in $CAD unless otherwise noted

Element Reports Strong Fourth Quarter and Record Full-Year 2022 Results, Reaffirms 2023 Guidance

- *Element grew net revenue 16.2% to a record $1.1 billion and adjusted operating income 22.0% to a record $624.5 million in 2022*
- *Element's scalable operating platform underpinned pre-tax income margin expansion of 150 basis points to 48.5%, and operating margin expansion of 260 basis points to 55.2%, for the full-year 2022*
- *Q4 EPS and adjusted EPS grew 3 cents and 6 cents from Q4 2021, to $0.24 and $0.27, respectively*
- *The Company generated $0.30 of free cash flow per share in the quarter -- 1 cent more than in Q4 2021 -- and $1.35 of free cash flow per share for the full-year 2022 -- 30 cents or 28.6% more than in 2021*
- *Element advanced its capital-lighter business model, growing Q4 services revenue 20.6% and syndication revenue 21.7% year-over-year, together enhancing ROE and pre-tax ROE to 11.9% and 18.6%, respectively*
- *2022 originations grew 32.8% to $6.6 billion as OEM production continues to improve*

TORONTO, ON, March 6, 2023 - Element Fleet Management Corp. (TSX:EFN) (“Element” or the “Company”), the largest pure-play automotive fleet manager in the world, today announced strong financial and operating results for the three months ended December 31, 2022 and record financial and operating results for the twelve months ended December 31, 2022.

Element grew net revenue 16.2% year-over-year to a record $1.1 billion for 2022. Excluding the $25 million of non-recurring items previously communicated, net revenue grew 13.7% in 2022. Adjusted operating income (“AOI”) of $624.5 million constitutes 22.0% year-over-year growth (17.1% excluding non-recurring items from 2022), highlighting the scalability of Element’s market-leading platform, which underpinned a 48.5% pre-tax income margin and 55.2% operating margin for 2022 (54.2% operating margin excluding non-recurring items in both net revenue and AOI).

The Company’s Q4 2022 EPS were $0.24 and adjusted EPS were $0.27, up 3 cents and 6 cents per share, respectively, over Q4 2021. Element generated $0.30 of free cash flow per share in the quarter -- 1 cent more than in Q4 2021 -- and $1.35 of free cash flow per share for the full-year 2022 -- 30 cents or 28.6% more than in 2021. ROE and pre-tax ROE were 11.9% and a record 18.6%, respectively, at December 31, 2022.

"Element’s fourth quarter performance -- for our clients, our people, and our investors -- caps off the most successful year in the Company’s history," said Jay Forbes, Element's Chief Executive Officer. "With the headwinds of both the pandemic and vehicle shortages abating, 2022 was the first real opportunity for Element to illustrate the commercial, operational and financial capabilities we rebuilt through Transformation. The Company has never performed better, nor been better positioned; we enter 2023 on a wave of strong momentum that materially de-risks the attainment of our full-year results guidance."

Full-year 2023 results guidance

Element is confident in its ability to deliver the following results[1] for full-year 2023, with growing conviction in the Company's ability to meet the high-end of certain of these ranges:

- Net revenue of $1.14 to $1.17 billion
- Operating margin of 54-55%
- Adjusted operating income of $615 to $645 million
- Adjusted EPS[2] of $1.12 to $1.17
- Free cash flow per share[2] of $1.45 to $1.50
- Originations of approximately $7.5 to $8.0 billion
- Syndication of approximately $3.0 to $4.0 billion[3]

Profitable organic net revenue growth atop a scalable operating platform

Element generated $158.2 million or 16.2% more net revenue in 2022 than 2021. As previously communicated, approximately $25 million is net revenue the Company does not expect to generate in future years. Excluding such non-recurring items, net revenue grew 13.7% "organically" in 2022.

"Organic" net revenue growth was led by services revenue, which grew 20.6% or $97.6 million year-over-year excluding non-recurring items. Such services revenue growth was driven by increased vehicles under management at Element, and share of wallet gains: increased client enrollment in Element services ("penetration"); increased client utilization of those services; and inflationary tailwinds.

Net financing revenue ("NFR") also contributed to full-year 2022 organic revenue growth: NFR grew 9.8% or $42.8 million in 2022 excluding non-recurring items. "Organic" NFR growth was driven by strong gains-on-sale of vehicles, particularly in ANZ and increased NFR 'yield' on net earning assets, which largely reflects the growth of Element's business in Mexico.

Element's 2022 net revenue growth was demonstrably profitable -- pre-tax income and AOI growth both outpaced net revenue growth for the year -- highlighting the scalability of the Company's market-leading operating platform. Element's 2022 pre-tax income margin expanded 150 basis points year-over-year to 48.5%, and adjusted operating margin expanded 260 basis points year-over-year from 52.6% to 55.2%, or 160 basis points to 54.2% "organic" operating margin for 2022.

A capital-lighter business model

Growing services revenue is one of two planks of the Company's capital-lighter business model. (Services revenue has much lower funding needs than net financing revenue: only the net working capital required to procure fuel, parts and services for clients.)

[1] Based on a CAD:USD exchange rate of 1.29:1
[2] Both adjusted EPS and free cash flow per share growth will be aided by common share buybacks under Element's NCIB, the upshot of which is a projected weighted average outstanding common share count of 385-395 million for 2023.
[3] Full-year 2023 syndication volume guidance has been lowered to reflect Element's decision to – in the short-term – hold on book some of the leases the Company had planned to syndicate. Given the volatile interest rate environment, Management thought it best to inventory these assets in the short-term, re-evaluating syndication options as corporate spreads return to more historical norms.

The second plank of Element's capital-lighter business model is "syndication" -- the sale of fleet assets to financial buyers with a lower cost of capital on terms that are economically superior to holding the assets on balance sheet.

Element syndicated $745.4 million of assets in the fourth quarter, generating $17.7 million of net revenue; and $2.8 billion of assets in 2022, generating $62.3 million of net revenue.

The Company's advance of its capital-lighter business model continues to enhance ROE: year-over-year at December 31, 2022, return on common equity improved 150 basis points to 11.9% and pre-tax return on common equity improved 320 basis points to 18.6%.

Growing free cash flow per share and the return of capital to shareholders

Element generated $0.30 of free cash flow per share in the quarter -- 1 cent more than in Q4 2021. The Company's free cash flow per share for full-year 2022 was $1.35 -- a 30 cents per share or 28.6% improvement over 2021.

Per share growth is aided by Element’s return of capital to common shareholders through buybacks pursuant to the Company’s NCIBs. Element returned $192.9 million cash to common shareholders through buybacks of 13.9 million common shares in 2022.

Combined with its common dividend payouts, Element returned $316.7 million cash to common shareholders in 2022 -- and $466.7 million to all shareholders, including the Company's $150 million Series I preferred share redemption in Q2 2022.

As stated last quarter, Element plans to maintain an annual common dividend representing between 25% and 35% of the Company's last twelve months' free cash flow per share, which the Company expects to grow (as guided). Element also continues to plan to redeem its outstanding preferred share series -- at the time (and in lieu) of rate reset -- thereby further optimizing the Company's balance sheet and maturing its capital structure.

Adjusted Operating Results as reported

(in $000's for stated values, except per share amounts)	Three-month periods ended			Twelve-month periods ended	
	December 31, 2022	September 30, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
	$	$	$	**$**	$
Net revenue					
Servicing income, net	**149,208**	149,931	123,716	**581,018**	472,465
Net financing revenue	**125,449**	124,859	107,245	**488,741**	436,945
Syndication revenue, net	**17,671**	15,998	14,521	**62,290**	64,412
Net revenue	**292,328**	290,788	245,482	**1,132,049**	973,822
Adjusted operating expenses[4]					
Salaries, wages and benefits	**88,180**	80,708	82,112	**322,886**	306,884
General and administrative expenses	**38,453**	29,654	27,074	**124,848**	104,401
Depreciation and amortization	**15,388**	15,020	13,735	**59,799**	50,537
Adjusted operating expenses	**142,021**	125,382	122,921	**507,533**	461,822
Adjusted operating income	**150,307**	165,406	122,561	**624,516**	512,000
Provision for taxes applicable to adjusted operating income	**37,607**	42,179	28,189	**159,250**	124,313
Cumulative preferred share dividends	**5,946**	5,923	8,103	**28,074**	32,412
After-tax adjusted operating income attributable to common shareholders[4]	**106,754**	117,304	86,269	**437,192**	355,275
Weighted average number of shares outstanding [basic]	**392,811**	395,117	409,175	**396,907**	423,070
After-tax adjusted operating income per share[4] [basic]	**0.27**	0.30	0.21	**1.10**	0.84
Net income	**101,216**	103,703	94,664	**409,643**	356,006
Earnings per share [basic]	**0.24**	0.25	0.21	**0.96**	0.76

Adjusted Operating Results in constant currency[5]

(in $000's for stated values, except per share amounts)	Three-month periods ended			Twelve-month periods ended	
	December 31, 2022	September 30, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
	$	$	$	**$**	$
Net revenue					
Servicing income, net	**149,208**	154,582	131,009	**581,018**	484,496
Net financing revenue	**125,449**	130,158	113,937	**488,741**	443,434
Syndication revenue, net	**17,671**	16,541	15,546	**62,290**	66,657
Net revenue	**292,328**	301,281	260,492	**1,132,049**	994,587
Salaries, wages and benefits	**88,180**	83,225	86,497	**322,886**	313,446
General and administrative expenses	**38,453**	30,572	28,594	**124,848**	106,796
Depreciation and amortization	**15,388**	15,502	14,554	**59,799**	51,740
Adjusted operating expenses[4]	**142,021**	129,299	129,645	**507,533**	471,982
Adjusted operating income	**150,307**	171,982	130,847	**624,516**	522,605
Provision for taxes applicable to adjusted operating income	**37,607**	43,855	32,725	**159,250**	128,993
Cumulative preferred share dividends	**5,946**	5,923	8,103	**28,074**	32,412
After-tax adjusted operating income attributable to common shareholders[4]	**106,754**	122,204	90,019	**437,192**	361,200
Weighted average number of shares outstanding [basic]	**392,811**	395,117	409,175	**396,907**	423,070
After-tax adjusted operating income per share [basic]	**0.27**	0.31	0.22	**1.10**	0.85

[4] Please refer to the Descriptions of Non-GAAP Measures section of the MD&A for a description of this non-GAAP measure.
[5] Please refer to the Effect of Foreign Currency Exchange Rate Changes section of the MD&A for reconciliations of certain non-GAAP "constant currency" measures to their counterpart IFRS measures as reported.

CEO LETTER TO SHAREHOLDERS

My fellow shareholders,

As today's Q4 and full-year 2022 results amply demonstrate, Element continues to perform better than ever. We have successfully pivoted the organization to a client-centric focus on

- profitable organic net revenue growth atop a scalable operating platform,
- the advancement of a capital-lighter business model, which enhances return on equity, and
- double-digit annual free cash flow per share growth, which enables Element to predictably return generous sums of capital to shareholders through growing common dividends and share buybacks.

Importantly, we could not be better positioned to sustain and build on this success. Over the last 4+ years, we devised and ably executed "Transformation" and "Pivot to Growth" strategies that have balanced and dutifully served the best interests of all our stakeholders. And, critically, we stayed the course on those strategies, first through the global pandemic and then through an industry-first vehicle shortage.

Accordingly, Element enters 2023 riding a wave of momentum that is propelled by every team and function across our organization, performing at their very best: delivering a consistent, superior client experience and making the complex simple for our clients, prospects and drivers.

Whether it be

- our Commercial organization outperforming all past years' KPIs – new client wins, share of wallet penetration, contracted revenue units, etc. – by leaps and bounds in 2022, and securing the Rentokil-Terminix "mega" fleet to cap off the year;
- our Operating teams delivering tech-enabled, market leading client services – and earning best-in-class Net Promoter Scores to prove it – while continuously improving our cost-to-serve, thereby enabling net revenue growth to expand our operating margins;
- our Strategic Consultants identifying another $1.4 billion of fleet-operating-cost-savings opportunities for our clients and prospects in 2022 – one of Element's primary competitive differentiators in terms of capabilities;
- our Syndication team continuing to expand that market for our assets both categorically and geographically, advancing our capital-lighter business model that enhances returns on equity and accelerates the velocity of revenue and cash flow – for re-investment in our business and return to our shareholders;
- our Treasury group maintaining our cost-efficient access to diversified sources of capital, optimizing cash flow management, and appropriately mitigating risk in a volatile interest rate and FX environment; or
- our Mexico and ANZ businesses converting self-managed fleets into Element clients, growing our global Vehicles Under Management, and expanding our relationship with Armada in both of those regions,

again, Element has never performed better, nor been better positioned to continue capitalizing on our vast opportunity set as the perennial market-leading FMC everywhere we operate.

And this wave of momentum we've created within Element seems perfectly timed to converge with positive trends in our industry and the broader economy, bolstering our confidence in our full-year 2023 results guidance (and beyond):

- OEM production is improving thereby reducing vehicle delivery delays, as evidenced by our $6.6 billion originations in 2022, 33% more volume than last year;
- Our competitors are distracted by new ownership structures and operational integration projects, affording us opportunities to both steal market share and secure self-managed fleets; and
- Our business benefits from inflation, which enhances our "cost-plus" revenue streams and, perhaps more importantly, makes our fleet-cost-saving value proposition all-the-more compelling. A recessionary environment increases this value to our current and prospective clients, including self-managed fleets.

With full confidence in the people, processes and systems we have put in place to continue the advancement of our three-prong growth strategy, early last year, I informed our Board of my desire to plan for an orderly retirement. This provided the Board ample opportunity to carefully manage a comprehensive and uncompromising search for my successor. By now, you all know that our search for that proverbial "needle in a haystack" identified the perfect successor: Laura Dottori-Attanasio.

I am squarely focused on ensuring a seamless and successful leadership transition to Laura by continuing in my CEO role until May 10th and remaining a strategic advisor to Laura and the Chair of the Board for two years thereafter.

Like everyone else at Element, I am absolutely thrilled to have Laura as the next CEO of our company. In Laura we have found someone (i) with a mutual conviction in Element's established strategy that has proven to create value for all stakeholders, and (ii) who is an innate "fit" with the culture we've been curating and nurturing since my arrival in 2018: client-centricity, accountability, agility, collaboration, connection, and transparency.

Laura has had a long and successful career in the financial services sector, including several senior executive roles over the last 14 years at the Canadian Imperial Bank of Commerce (CIBC). Laura's track record leading complex organizations and operations, coupled with her familiarity with Element by virtue of our company's long-standing relationship with CIBC – and the extensive interview process for this role – ideally positions Laura to assume the CEO role in May.

Importantly, Laura is a well-known and highly regarded champion of diversity, equity, and inclusion, with deep roots in community engagement as an active member of several local and national boards and charities. She has a proven ability to unify teams around growth, empower leaders to make informed decisions, and invest in digital innovation. Laura's approach is data-driven, comprehensive, and measured with the right level of risk tolerance.

I look forward to continuing to work closely with Laura over the coming months through our rigorous orientation and integration agenda. We are focused on enabling Laura to build relationships across Element and with many of our key external stakeholders; develop her knowledge of the business and "how we make money"; and immerse herself in the remarkable culture of this organization, with which Laura is such a strong fit.

Meanwhile, Element has the best leaders in our industry across all functions to both support Laura's onboarding and, at the same time, continue executing on our growth strategy.

In a matter of weeks, Laura will be comfortably running alongside all of us, and shoulder-to-shoulder with me such that – come May 10th – I can pass her the baton with the ultimate confidence that Element will continue its momentum in 2023 and beyond with Laura as both our President and CEO.

Until next quarter,

Jay

Conference Call and Webcast

A conference call to discuss these results will be held on Tuesday, March 7, 2023 at 8:00 a.m. Eastern Time.

The conference call and webcast can be accessed as follows:

Webcast: https://services.choruscall.ca/links/elementfleet2022Q4.html

Telephone: Click here to join the call most efficiently,
or dial one of the following numbers to speak with an operator:

Canada/USA toll-free: 1-800-319-4610

International: +1-604-638-5340

The webcast will be available on the Company's website for three months thereafter. A taped recording of the conference call may be accessed through April 7, 2023 by dialing 1-800-319-6413 or +1-604-638-9010 and entering the access code 9854.

Dividends Declared

The Company's Board of Directors has authorized and declared a quarterly dividend of $0.10 per outstanding common share of Element for the first quarter of 2023. The dividend will be paid on April 14, 2023 to shareholders of record as at the close of business on March 31, 2023.

Element's Board of Directors also declared the following dividends on Element's preferred shares:

Series	TSX Ticker	Amount	Record Date	Payment Date
Series A	EFN.PR.A	$0.4333125	March 16, 2023	March 31, 2023
Series C	EFN.PR.C	$0.3881300	March 16, 2023	March 31, 2023
Series E	EFN.PR.E	$0.3689380	March 16, 2023	March 31, 2023

The Company's common and preferred share dividends are designated to be eligible dividends for purposes of section 89(1) of the Income Tax Act (Canada).

Normal Course Issuer Bids

On November 10, 2021, the TSX approved Element's notice of intention to renew its normal course issuer bid (the "2021 NCIB"). The 2021 NCIB allowed the Company to repurchase on the open market (or as otherwise permitted), at its discretion during the period commencing on November 15, 2021 and ending on the earlier of November 14, 2022 and the completion of purchases under the 2021 NCIB, up to 40,968,811 common shares, subject to the rules of the TSX and applicable law. Under the 2021 NCIB, 19,223,100 common shares were repurchased for cancellation for an aggregate amount of approximately $261.1 million at a volume weighted average price of $13.58 per common share.

On November 11, 2022, the TSX approved Element's notice of intention to renew its normal course issuer bid (the "2022 NCIB"). The 2022 NCIB allows Element to repurchase on the open market (or as otherwise permitted), at its discretion during the period from November 15, 2022 to November 14, 2023, up to 39,228,719 common shares, subject to rules of the TSX and applicable law. As of December 31, 2022, under the 2022 NCIB, 26,400 common shares were repurchased for cancellation for an aggregate amount of approximately $0.5 million at a volume weighted average price of $18.26 per common share.

Element applies trade date accounting in determining the date on which the share repurchase is reflected in the consolidated financial statements. Trade date accounting is the date on which the Company commits itself to purchase the shares.

Non-GAAP Measures

The Company's condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the accounting policies Element adopted in accordance with IFRS.

The Company believes that certain non-GAAP measures can be useful to investors because they provide a means by which investors can evaluate the Company's underlying key drivers and operating performance of the business, exclusive of certain adjustments and activities that investors may consider to be unrelated to the underlying economic performance of the business of a given period. Throughout this News Release, management used a number of terms and ratios which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other organizations. A full description of these measures can be found in the Management Discussion & Analysis that accompanies the financial statements for the quarter ended December 31, 2022.

Element's consolidated financial statements and related management discussion and analysis as at and for the year ended December 31, 2022 have been filed on SEDAR (www.sedar.com).

About Element Fleet Management

Element Fleet Management (TSX: EFN) is the largest pure-play automotive fleet manager in the world, providing the full range of fleet services and solutions to a growing base of loyal, world-class clients – corporates, governments and not-for-profits – across North America, Australia and New Zealand. Element enjoys proven resilient cash flow, a significant proportion of which is returned to shareholders in the form of dividends and share buybacks; a scalable operating platform that magnifies revenue growth into earnings growth; and an evolving capital-lighter business model that enhances return on equity. Element's services address every aspect of clients' fleet requirements, from vehicle acquisition, maintenance, accidents and remarketing, to integrating EVs and managing the complexity of gradual fleet electrification. Clients benefit from Element's expertise as the largest fleet solutions provider in its markets, offering unmatched economies of scale and insight used to reduce fleet operating costs and improve productivity and performance. For more information, visit www.elementfleet.com/investors.

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This press release includes forward-looking statements regarding Element and its business. Such statements are based on the current expectations and views of future events of Element's management. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements, including, among others, statements regarding Element's enhancements to clients' service experience and *service levels; enhancement of financial performance; improvements to client retention trends; reduction of operating expenses; increases in efficiency; EV strategy and capabilities; global EV adoption rates; redemption of the Series I Shares; dividend policy and the payment of future dividends; creation of value for all stakeholders; expectations regarding syndication; growth prospects and expected revenue growth; level of workforce engagement; improvements to magnitude and quality of earnings; executive hiring and retention; focus and discipline in investing; balance sheet management and plans to reduce leverage ratios; anticipated benefits of the balanced scorecard initiative; Element's proposed share purchases, including the number of common shares to be repurchased, the timing thereof and TSX acceptance of the NCIB and any renewal thereof; and expectations regarding financial performance. No forward-looking statement can be guaranteed. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause Element's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Such risks and uncertainties include those regarding the ongoing COVID-19 pandemic, risks regarding the fleet management and finance industries, economic factors and many other factors beyond the control of Element. A discussion of the material risks and assumptions associated with this outlook can be found in Element's annual MD&A, and Annual Information Form for the year ended December 31, 2021, each of which has been 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 undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*