FLEET MANAGEMENT News Release

Element Experts Anticipate Fleet Costs to Rise in 2018 – Gas, Tires and Interest Rates Were Factors in 2017 Total Cost of Ownership Increase

Element Fleet Management releases results of third annual fleet TCO Index

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SPARKS, Md., **April 24, 2018** – Higher fuel prices and tire costs contributed to a marked increase in the total cost of car and truck fleets in 2017, according to the third annual Element Fleet Management (TSX: EFN) Total Cost of Ownership (TCO) Index.

The Element TCO Index is a study that looks at major cost categories affecting businesses with car and truck fleets. It's designed to help fleet, mobility and business managers understand how the changing economy impacts annual fleet ownership costs. The Index is published annually each spring, providing metrics from the previous year.

While both the 2015 and 2016 TCO Index reported relatively flat costs (2015 at 83.8 and 2016 at 83.0), the 2017 Index shows a marked increase in costs, with a score of 88.0.

Higher fuel prices are the primary driver for the higher TCO Index, but an additional contributing factor was tire costs, which increased from 2016 by 17 percent. Higher tire costs are partly due to more companies investing in large diameter and seasonal tires, a result of adding cargo and Euro-style vehicles to fleets in recent years.

Companies should not expect lower gas prices any time soon. According to GasBuddy.com analysts, fuel costs are projected to show a similar cost increase in 2018 to US$2.57/gallon from an average of US$2.42/gallon in 2017.

"While there's no fuel cost relief in sight for 2018, there are other opportunities for businesses to lower their fleet TCO," said Chad Christensen, senior strategic consultant at Element. "With anticipated interest rate increases through 2018, companies can be proactive and look at ways to lock in fixed-rate financing now." Christensen added that turning to the resale market is another means to mitigate rising ownership costs. "Demand for used vans and pickups remains very strong, so fleets might consider short cycling those asset types now."

Recommendations for fleet managers and businesses to level out TCO for the remainder of 2018 include the following:

- With gas costs rising, look for opportunities to reduce fuel factors, such as drive time, idling or vehicle weight, and make sure your routing is up to date to reduce unnecessary vehicle mileage or out-of-scope usage.
- Replace older vehicles with more fuel-efficient vehicles.
- Install and leverage telematics to provide insight into fleet data and improve route optimization and vehicle utilization.

About the Element TCO Index

The Element TCO Index calculates TCO for fleet vehicles by looking at major cost categories. These include depreciation, interest expense, fuel and maintenance costs. The Index uses 2013 as the base year with a starting value of 100. The Index showed a drop in TCO for fleets to 96.8 in 2014 and then to 83.3 in 2015, a 14-point year-over-year decline. It remained unchanged at 83 in 2016. The Index includes five vehicle categories, including pickup trucks, cargo vans, sedans, SUVs and minivans.

About Element Fleet Management

Element Fleet Management (TSX: EFN) is a leading global fleet management company, providing world-class management services and financing for commercial vehicle and equipment fleets. Element's suite of fleet management services span the total fleet lifecycle, from acquisition and financing to program management and remarketing – helping customers optimize performance and improve productivity. For more information, visit http://www.elementfleet.com.

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NOTE TO MEDIA: An infographic is available to download at http://go.elementfleet.com/TCO2018PR , or contact us to get a copy or more information on the data.

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