News Release

Amounts in $CAD unless otherwise noted

Element Reports First Quarter Results, Further Progress on Transformation, Strengthening of its Balance Sheet, and Increase to 2020 Guidance

- *Q1 adjusted operating income from core Fleet Management business increased 38% from Q1 2018 to $122 million; equivalent to $0.21 on a per share basis*
- *Transformation work has actioned a cumulative $70 million of run-rate profit improvements as of March 31, 2019, remaining ahead of plan and well on track for $100 million of run-rate profit improvements actioned exiting 2019*
- *Core fleet assets under management growth of 7% from Q1 2018 driven by wins in all geographies, including key clients in the U.S. and Canada and significant, broad-based growth in Mexico, Australia and New Zealand*
- *Broadened approach to syndication to accelerate deleveraging, evolve the capital structure and manage client concentration limits while continuing to fund growth, including one large, rapidly-growing client*
- *Sustainable revenue from regular syndication activity results in an increase to 2020 after-tax adjusted operating income per share guidance to $1.00-1.05 (from $0.90-0.95)*
- *Subsequent to quarter, and in line with previously communicated expectations, completed a successful $172.5 million convertible debenture issuance, and generated $97.2 million from the sale of ECAF notes*

TORONTO, ON, May 7, 2019 - Element Fleet Management Corp. (TSX: EFN) ("Element" or the "Company"), a leading global provider of fleet management services, today announced financial results for the first quarter ended March 31, 2019 and further progress on the Company's client-centric transformation. Element also increased its forecast for 2020 after-tax adjusted operating income per share, reflecting our confidence in actioning the $150 million of planned transformation benefits and the favourable impact of our actions to strengthen our balance sheet through syndication.

Element's market-leading fleet platform generated adjusted operating income of $122 million or $0.21 per share from its core business in Q1, an increase of $22.7 million or $0.04 per share over Q4 2018 and $33.7 million or $0.05 per share over Q1 2018. On a consolidated basis, the Company reported net income of $80.5 million or $0.16 per share for Q1 2019, compared to net income of $41.1 million or $0.07 per share in Q4 2018 and $21.8 million or $0.03 per share in Q1 2018.

"Our intense focus on transforming our core business continues to create value by strengthening our competitive position, improving our service offering and keeping us on track to deliver the previously communicated profitability gains," said Jay Forbes, President and Chief Executive Officer of Element. "By deleveraging our balance sheet through a greater degree of syndication, we accelerate our ability to access lower-cost capital, enhance our return on equity, and manage client concentration limits."

"As we advance the transformation, it has become clear to management that employing a greater degree of syndication to evolve our capital structure is prudent, both economically and strategically," Mr. Forbes added. "We will continue to fund assets on our strong, investment grade balance sheet, while using syndication to systematically manage leverage as well as client concentration limits – particularly with respect to one large, rapidly-growing client. Our leading position in the fleet management industry coupled with the unmatched quality of our client base mean we originate assets that are very attractive to syndication market investors."

Element's transformation under its strategic plan continues to proceed ahead of schedule. The Company had actioned a cumulative $70 million of run-rate profit improvements as of March 31, 2019, keeping the program well on track to action $100 million of profit improvement initiatives by the end of the year. As well, initiatives actioned to date will improve Element's adjusted operating income by approximately $52 million in 2019; $11.4 million of such improvement was delivered in Q1.

Element continues to take steps to strengthen its investment grade balance sheet and reduce leverage ratios. Subsequent to Q1, the Company announced the sale of $172.5 million principal amount of convertible unsecured subordinated debentures with an interest rate of 4.25% per annum. Element also completed the sale of its non-core interest in the ECAF note subsequent to Q1 for $97.2 million. The proceeds of the convertible debenture issue (together with proceeds from the repatriation of stranded equity in an older ABS facility and the sale of our Minnesota real estate) will be used to fund a portion of the redemption of the $345 million of 5.125% convertible debentures maturing on June 30, 2019. The proceeds from the sale of our ECAF interest along with cash raised from the disposition of 19th Capital assets will be used to reduce the refinancing requirement of the 2020 convertible debt maturity.

Given

- a stabilized and growing fleet management business,
- confidence in realizing the full $150 million of profitability improvements to be actioned by the end of 2020, and
- the positive and sustainable income statement impact we will enjoy from syndication as we manage client concentration and accelerate deleveraging,

Element is increasing its 2020 guidance on after-tax adjusted operating income per share, from $0.90-0.95 to $1.00-1.05.

The Company is targeting return on equity of 13.0-13.5% and a tangible leverage ratio below 6.0x exiting 2020.

Financial Highlights

	Three months ended Mar. 31	
In $CAD thousands, except per share amounts	**2019**	2018
Consolidated Results		
Net income (loss)	**80,473**	21,759
Earnings (loss) per share (basic)	**0.16**	0.03
Net revenue	**242,227**	211,343
Adjusted operating expenses[1]	**120,273**	121,385
After-tax adjusted operating income attributable to common shareholders[1]	**89,448**	65,162
After-tax adjusted basic EPS[1]	**0.21**	0.17
Core Fleet Management Operations		
Net revenue	**237,702**	208,447
Adjusted operating expenses[1]	**115,709**	120,169
After-tax adjusted operating income attributable to common shareholders[1]	**89,480**	61,320
After-tax adjusted operating income per share (basic)[1]	**0.21**	0.16
Net interest and rental revenue margin or NIM (%)	**3.16%**	3.04%
Total average net earning assets	**12,988,903**	12,298,999

1. See non-IFRS measures, and the Company's Management Discussion & Analysis ("MD&A") for the three months ended March 31, 2019 for more information.

Core Fleet Management Operations

The following summarizes results from the Company's core Fleet Management operations:

In $CAD thousands, except per share amounts	Three months ended **Mar. 31, 2019**	Dec. 31, 2018	Mar. 31, 2018
Net revenue			
Net interest income and rental revenue	**216,643**	212,202	184,277
Interest expense	**114,112**	113,072	90,891
Net financing revenue	**102,531**	99,130	93,386
Servicing income, net	**117,959**	119,409	114,047
Syndication revenue, net	**17,212**	2,279	1,014
Net revenue	**237,702**	220,818	208,447
Adjusted operating expenses			
Salaries, wages and benefits	**78,221**	83,101	81,535
General and administrative expenses	**27,748**	31,639	33,354
Depreciation and amortization	**9,740**	6,831	5,280
Adjusted operating expenses	**115,709**	121,571	120,169
Adjusted operating income	**121,993**	99,247	88,278
Provision for taxes applicable to adjusted operating income	**21,349**	17,868	15,890
After-tax adjusted operating income	**100,644**	81,379	72,388
Less: Cumulative preferred share dividends	**11,164**	11,068	11,068
After-tax adjusted operating income attributable to common shareholders	**89,480**	70,311	61,320
Weighted average number of shares outstanding (basic)	**433,607**	424,795	380,356
After-tax adjusted operating income per share (basic)	**0.21**	0.17	0.16

After-tax adjusted operating income for Q1 2019 increased $28.3 million over Q1 2018 to $100.6 million and resulted in a $0.05 increase in after-tax adjusted EPS to $0.21 including the full quarter dilution impact of the equity issuance in October 2018. After-tax adjusted operating income in Q1 2019 increased $19.3 million compared to Q4 2018.

Net revenue was $237.7 million, an increase of $16.9 million and $29.3 million from Q4 2018 and Q1 2018, respectively.

Net interest income and rental revenue of $216.6 million reflects an increase of $4.4 million and $32.4 million over Q4 2018 and Q1 2018, respectively. The growth from Q1 2018 reflects a higher interest rate environment, strong growth in Mexico, and a positive foreign currency impact as a result of a weaker Canadian dollar during the current period.

Interest expense in Q1 2019 increased to $114.1 million from $113.1 million and $90.9 million in Q4 2018 and Q1 2018, respectively. The increase in expense from Q1 2018 reflects a higher interest rate environment, including the introduction of localized syndication in Australia, strong growth in Mexico, and a negative foreign currency impact as a result of a weaker Canadian dollar during the current period.

Net servicing income of $118.0 million:

- Decreased $1.4 million from Q4 2018 reflecting primarily seasonal tire and maintenance volume decreases, and

- Increased $3.9 million from Q1 2018 primarily related to higher revenues in vehicle sales and end of contract fees as well as a positive foreign currency impact from a weaker Canadian dollar during the current period.

Total average net earning assets as at Q1 2019 were $12,988.9 million compared to $12,760.0 million as at Q4 2018 and $12,299.0 million as at Q1 2018 reflecting strong growth in the US and Mexico. Total earning assets at period end decreased $505 million from Q4 2018 reflecting $488 million in syndications and the impact of foreign exchange reflecting a stronger Canadian dollar as at March 31, 2019 relative to December 31, 2018 more than offsetting the impact of strong originations growth.

Adjusted operating expenses of $115.7 million decreased $5.9 million from $121.6 million in Q4 2018 and decreased $4.5 million from $120.2 million in Q1 2018.

- Salaries, wages and benefits decreased $4.9 million from Q4 2018 and $3.3 million from Q1 2018. The decrease from Q4 2018 was primarily the result of lower employee salaries as a result of the Transformation initiatives and lower benefits expenses.

- General and administrative expenses of $27.7 million decreased $3.9 million and $5.6 million when compared to Q4 2018 and Q1 2018, respectively, mainly due to lower rent expense of approximately $3.3 million as a result of the implementation of IFRS 16 along with Transformation savings.

- Depreciation and amortization increased $2.9 million and $4.5 million when compared to Q4 2018 and Q1 2018, respectively, due largely to the $3.3 million of amortization on leased assets as a result of the implementation of IFRS 16 in addition to depreciation and amortization associated with IT projects that were completed in the first half of 2018.

Non-Core Assets

Element's strategic plan announced October 1, 2018 puts the Company's focus squarely on its core fleet clients and is creating a stronger and more efficient business. As previously communicated, Element incurred an after-tax charge of $360 million against the 19th Capital business in the third quarter of 2018, and the portfolio will be run-off or sold over the next ~33 months. Element sold non-core real estate in the form of its Minnesota offices in Q1 2019 and sold its non-core interest in ECAF subsequent to quarter end. At March 31, 2019, non-core assets represented approximately 3% of Element's total assets.

After-tax adjusted operating loss for Q1 2019 was $nil compared to a small loss in Q4 2018 and a small profit in Q1 2018. Minimal profit or loss in each quarter is consistent with the run-off of these portfolios where the net investment is now less than $50 million.

Dividends Declared

The Company's Board of Directors has authorized and declared a quarterly dividend of $0.045 per outstanding common share of Element for the second quarter of 2019. The dividend will be paid on July 15, 2019 to shareholders of record as at the close of business on June 28, 2019.

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	June 14, 2019	June 28, 2019
Series C	EFN.PR.C	$0.406250	June 14, 2019	June 28, 2019
Series E	EFN.PR.E	$0.400000	June 14, 2019	June 28, 2019
Series G	EFN.PR.G	$0.406250	June 14, 2019	June 28, 2019
Series I	EFN.PR.I	$0.359375	June 14, 2019	July 2, 2019

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).

Dividend Reinvestment Plan

Element adopted a dividend reinvestment plan (the "Plan") to be administered by Computershare Trust Company of Canada (the "Plan Agent"), which became effective beginning with the fourth quarter dividend of 2018. The Plan provides eligible registered and beneficial shareholders an opportunity to reinvest their eligible cash dividends payable on common shares of the Company ("Common Shares") for additional Common Shares at a discount of 2% to the prevailing market price of the Common Shares on the Toronto Stock Exchange, which may be changed or eliminated by the board of directors of Element from time to time. A complete copy of the Plan is available on Element's website at https://www.elementfleet.com or on the Plan Agent's website at www.investorcentre.com/service. Shareholders should carefully read the complete text of the Plan before making any decisions regarding their participation in the Plan.

To be eligible to participate in the Plan, shareholders must be resident in Canada. Shareholders resident outside of Canada (including shareholders who are non-residents of Canada or partnerships other than "Canadian partnerships" (all within the meaning of the Income Tax Act (Canada)) or that are U.S. persons (within the meaning of Regulation S under the Securities Act of 1933 of the United States)) are not eligible to participate in the Plan.

Shareholders who hold their Common Shares through a broker or financial institution and wish to enroll in the Plan should contact their broker or financial institution directly to learn more about the specific procedures and deadlines for enrollment in the Plan applicable to them. Registered shareholders may enroll in the Plan online through the Plan Agent's self-service web portal, Investor Centre, at www.investorcentre.com/service.

CEO LETTER TO SHAREHOLDERS

My fellow shareholders,

In October of last year, we made clear the importance of strengthening Element's balance sheet. Indeed, we made it one of three pillars of our strategic plan: to fortify the financial foundation upon which we would transform the business.

We took immediate actions to advance this plan in the fourth quarter of 2018, raising common equity, reducing our dividend, and refinancing certain ABS assets to create additional borrowing base.

Our actions have continued into 2019 with the sale of our interest in ECAF for proceeds of $97.2 million and the successful issuance of $172.5 million in new convertible debentures (which will be used – along with internal resources – to redeem the $345 million of convertible debentures maturing in June).

All of these actions were essential to our immediate goal of returning our balance sheet to a position of strength and stability. Now, with the benefit of time and what we have learned from our transformation work to date, we can shift our focus to building the capital structure we want for the future.

First and foremost, we want this capital structure to provide ready access to cost-efficient capital. While we have ready access to capital today, I believe there is an opportunity to further reduce the cost of that capital, and to accelerate our ability to access that lower-cost capital.

For example, we don't view convertible debentures as part of our long-term capital structure. With that end in mind, over time, we will minimize and eventually eliminate them. This objective drove our thinking as we undertook the latest offering: we will have replaced the $345 million in convertible debentures coming due in June with half this amount – $172.5 million – in new convertible debentures on better terms.

An attractive replacement for convertible debentures altogether on Element's balance sheet would be unsecured corporate debt sold in the U.S. market, which is the deepest in the world – and also where we originate most of our assets, making it a natural match.

To enjoy access to the U.S. unsecured corporate bond market, we have to deleverage, and we need to secure another investment grade rating from a U.S. credit-rating agency.

So how do we get there from here? How do we deleverage the balance sheet, while protecting and enhancing our shareholders' return on their invested equity, which – all else being equal – is hindered by reducing leverage?

While turning our minds to these questions as the transformation gains momentum, we have also been presented with the enviable challenge of managing client concentration limits while funding the asset growth of one large, rapidly growing client.

The solution we've landed on, for both problems – deleveraging, and managing client concentration – is syndication. By broadening our use of syndication to the point of making it an established piece of Element's funding strategy, we believe we can accelerate the evolution of our capital structure, and manage client concentration limits effectively.

I want to be clear here: we remain in the business of lending on our own balance sheet. However, where it makes economic and strategic sense, we will make more use of syndication. We have the expertise: Element has long been known for the strength and sophistication of its treasury function. Rightly so, as our treasury team oversees our Company's substantial $18.5 billion balance sheet.

We have the demonstrated ability to develop markets for our lease assets. Element was a pioneer in securitizing fleet assets through our Chesapeake asset-backed facilities. It's not going too far to say that in many ways, our Company led the creation of fleet ABS as an asset class.

What's more, we know the market is there: the current market for equipment syndication in the U.S. is approximately $20 billion, and we don't think that this market is constrained by demand, including demand for our core fleet business assets.

And we have exceptional assets: Our clients are second to none, and the majority – approximately 67% – are investment grade. There are also attractive characteristics of our lease assets, including tax treatment, which we know to be valuable to many U.S. buyers.

Accordingly, we believe there is opportunity to syndicate approximately $2.4 billion of core fleet assets – primarily ongoing originations – in the U.S. annually, which will allow us to both manage client concentration and quickly reset our leverage ratios.

There is also a noteworthy benefit to deleveraging our balance sheet by broadening our use of syndication, and that is the creation of a sustainable recurring revenue stream, which increases our earnings power. I want to stress that this is an outcome and not a driver of our analysis and decision to expand syndication activity. Nonetheless, we'll take it.

Importantly, none of this detracts whatsoever from our transformation program. We are squarely focused and remain on track to action the $150 million of pre-tax run-rate profit improvement by 2020, as promised.

The lesson in this experience of evaluating and adding syndication to our toolkit is, as in any transformation – including every one I've undertaken – you learn as you go. Invariably, you find new paths worth following.

When a company has a skilled and determined team with a clear strategy, and creates the conditions for success by instilling confidence and aligning incentives, that company is bound to find additional, unanticipated opportunities to create value.

This is one of those opportunities and we are excited to seize it. I have every hope there will be more.

Until next quarter,

Jay Forbes
Chief Executive Officer
Element Fleet Management

Conference Calls and Webcasts

A conference call to discuss these results will be held on Wednesday, May 8, 2019 at 8:00 a.m. Eastern Time. The conference call and webcast may be accessed as follows:

- Webcast: http://services.choruscall.ca/links/elementfleet20190508.html
- North America Toll-Free: 1-800-319-8560
- International: 1-604-638-5345
- Passcode: 86810#

The webcast will be available on our website for three months. A recording of the conference call may be accessed through June 8, 2019 by dialing 1-800-319-6413 or 1-604-638-9010 and entering the access code 3204.

Additionally, a conference call to discuss our broadened approach to syndication to accelerate deleveraging, evolve our capital structure and manage client concentration limits, will be held on Wednesday, May 8, 2019 at 12:30 p.m. Eastern Time, and may be accessed as follows:

- Webcast: http://services.choruscall.ca/links/elementfleet20190508.html
- North America Toll-Free: 1-800-319-8560
- International: 1-604-638-5345
- Passcode: 60505#

This webcast will also be available on our website for three months. A recording of the call may be accessed through June 8, 2019 by dialing 1-800-319-6413 or 1-604-638-9010 and entering the access code 3259.

Non-IFRS Measures

The Company's unaudited interim 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 we adopted in accordance with IFRS.

The Company believes that certain non-IFRS 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 March 31, 2019.

Element's unaudited interim condensed consolidated financial statements and related management discussion and analysis (MD&A) as at and for the three-month period ended March 31, 2019 have been filed on SEDAR (www.sedar.com).

About Element Fleet Management

Element Fleet Management (TSX: EFN) is a leading global fleet management company, providing world-class services and financing for commercial vehicle fleets. The Company enjoys scale and leadership in key markets, a top-tier client base, strong cash flow and ready access to capital, and an investment-grade balance sheet. Element's suite of services spans the total fleet lifecycle – from acquisition and financing to program management and remarketing – helping clients optimize performance and improve productivity. For more information, visit www.elementfleet.com.

Contact:

Michael Barrett
Vice President, Investor Relations
(416) 646-5698
mbarrett@elementcorp.com

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 improvements to run-rate profitability; enhancements to clients' service experience and service levels; enhancement of financial performance; improvements to client retention trends; reduction of operating expenses; increases in efficiency; run-off of the 19th Capital portfolio; plans to sell its interests in non-core assets and real estate; terms of the dividend reinvestment plan; transformation of its core business; creation of value for all stakeholders; expectations regarding syndication; growth prospects; level of workforce engagement; improvements to magnitude and quality of earnings; funding of the transformation; executive hiring and retention; process and infrastructure transformation; focus and discipline in investing; balance sheet management and plans to reduce leverage ratios; anticipated benefits of the balanced scorecard initiative; and expectations regarding financial performance. The forward-looking events and circumstances discussed in this release 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 completion of the purchase of new portfolios or technologies or the addition of new clients, risks related to the payment of dividends, risks related to business integration and many other factors beyond the control of Element. 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 our 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. 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, 2018, each of which has been filed on SEDAR and can be accessed at www.sedar.com. Accordingly, readers should not place undue reliance on any forward-looking statements or information. 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.