



News Release

Amounts in \$CAD unless otherwise noted

Element Fleet Management Reports Second Quarter 2018 Results

- Consolidated net income for Q2 2018 more than doubled from the prior year to \$79.1 million or \$0.18 per share
- After-tax adjusted Q2 earnings per share for core Fleet Management operations grew 6% to \$0.19 per share on a constant currency basis
- Strategic assessment underway and progressing well
- US\$1 billion ABS issuance expected to close on August 16 bringing total securitizations for 2018 to nearly CAD\$3.5 billion

TORONTO, Ontario, August 13, 2018 - Element Fleet Management Corp. (TSX:EFN) ("Element" or the "Company"), a leading global provider of fleet management and fleet-focused business services, today announced financial results for the second quarter and six months ended June 30, 2018.

"Our results for the second quarter were in line with expectations and reflect continued progress in operations and customer acquisition and retention," said Jay Forbes, Chief Executive Officer. "Against the backdrop of these positive trends, we have launched a comprehensive strategic assessment to create a clear and compelling strategy for stakeholder value creation. We are delighted with the progress we are making and we look forward to sharing our insights and the resulting strategic priorities in the early fall."

Financial Highlights

<i>In \$CAD millions, except per share amounts</i>	Three months ended June 30			Six months ended June 30		
	2018	2017	Change %	2018	2017	Change %
Consolidated Results						
Net income	\$79.1	\$37.1	113.3	\$100.9	\$88.9	13.4
Basic and diluted EPS	0.18	0.07	157.1	0.21	0.18	16.7
Net revenue	219.4	247.5	(11.3)	430.8	486.0	(11.4)
Adjusted operating expenses ¹	116.9	123.1	(5.0)	238.3	238.5	(0.1)
After-tax adjusted operating income to common shareholders ¹	73.0	89.5	(18.1)	138.2	180.6	(23.5)
After-tax adjusted basic EPS ¹	0.19	0.23	(17.4)	0.36	0.47	(23.4)
Core Fleet Management Operations						
Net revenue	215.8	224.5	(3.8)	424.2	436.5	(2.8)
Adjusted operating expenses ¹	115.7	121.5	(4.8)	235.8	235.4	0.2
After-tax adjusted operating income to common shareholders ¹	71.0	71.1	(0.1)	132.4	139.7	(5.2)
After-tax adjusted basic EPS ¹	\$0.19	\$0.18	5.6	\$0.35	\$0.36	(2.8)
Net Interest Margin (%)	2.73	2.60	13 bps	2.66	2.63	3 bps
Average Earning Assets	\$12,646	\$12,448	1.6	\$12,476	\$12,475	-

¹ See Non-IFRS Measures, and the Company's Management Discussion & Analysis ("MD&A") for the three months ended June 30, 2018 for more information.

Recent Highlights

- Core average earning assets for the second quarter were \$12.6 billion, an increase of nearly 2%, or 5% on a constant-currency basis, compared to the second quarter of 2017. Recent customer wins include high quality commercial fleets in the industrial, construction, agriculture and food and beverage industries.

- Element appointed Jay Forbes as Chief Executive Officer, Vito Culmone as Chief Financial Officer, and four new independent directors to Element's Board of Directors.
- On August 7, 2018 Element priced US\$1 billion of rated term notes through its Chesapeake Funding II platform in the United States. The transaction is expected to close on August 16, 2018. Combined with an earlier issuance in April 2018 and the creation of a securitization facility in Australia in May 2018, Element has securitized approximately \$3.5 billion year to date. The Company maintains strong liquidity and access to capital, with \$6 billion in available financing to fund ongoing originations and growth.

Core Fleet Management Operations

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

(in \$000's for stated values, except per share amounts)	For the three months ended			For the six months ended	
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net revenue					
Service and other revenue	\$129,496	\$128,480	\$143,392	\$257,976	\$271,835
Net interest and rental revenue	86,297	79,967	81,060	166,265	164,620
Net revenue	215,793	208,448	224,452	424,241	436,455
Adjusted operating expenses					
Salaries, wages and benefits	81,338	81,535	78,287	162,873	152,431
General and administrative expenses	28,343	33,354	39,369	61,697	75,445
Depreciation and amortization	5,972	5,280	3,822	11,252	7,547
Adjusted operating expenses	115,653	120,169	121,478	235,822	235,423
Adjusted operating income	100,140	88,279	102,974	188,419	201,032
Provision for taxes applicable to adjusted operating income	18,025	15,890	21,625	33,915	42,217
After-tax adjusted operating income	82,115	72,389	81,349	154,504	158,815
Less: Cumulative preferred share dividends	11,068	11,068	10,253	22,136	19,165
After-tax adjusted operating income attributable to common shareholders	\$71,047	\$61,321	\$71,096	\$132,368	\$139,650
Weighted average number of shares outstanding (basic)	380,452	380,356	388,958	380,404	388,338
After-tax adjusted operating income per share (basic)	\$0.19	\$0.16	\$0.18	\$0.35	\$0.36

Service and other revenue for Q2 2018 of \$129.5 million increased 0.8% from Q1 2018 but was down 9.7% from Q2 2017. On a constant currency basis, service and other revenue decreased by 0.4% and 6.8% compared to Q1 2018 and Q2 2017, respectively. The decrease from Q2 2017 was primarily due to higher remarketing revenue in that quarter and an increase in customer attrition in the second half of 2017. Customer attrition trends continue to improve and are expected to revert to their normal historical levels in the second half of 2018.

Net interest and rental revenue of \$86.3 million increased 6.5% from Q2 2017 and 7.9% from Q1 2018. On a constant currency basis, net interest and rental revenue increased by 9.9% and 6.9% compared to Q2 2017 and Q1 2018, respectively. The increase was partially due to the impact and timing of interest rate changes and pricing mechanisms in the prior quarter, and a one-off contract reset in Q2 2018. Net interest and rental revenue margin (NIM) was 2.73% in Q2 2018, as compared with 2.61% in Q1 2018 and 2.60% in Q2 2017, reflecting both of these factors.

Adjusted operating expenses in Q2 2018 were \$115.7 million, a decrease of 4.8% compared to Q2 2017, and a decrease of 3.8% on a sequential basis. On a constant currency basis, adjusted operating expenses declined by 1.8% compared to Q2 2017 and by 4.9% compared to Q1 2018. The decreases reflect a combination of productivity and cost saving initiatives including the closure of our Ireland

operations, partially offset by higher salaries and benefits as some integration resources returned to their normal operational functions.

Adjusted operating income from core Fleet Management operations for Q2 2018 was \$100.1 million, a decrease of 2.8% from Q2 2017 and an increase of 13.4% over the immediately preceding quarter. On a constant currency basis, adjusted operating income was flat compared to Q2 2017 due to the impact of the higher U.S. dollar in the comparable period, and increased by 12.3% compared to Q1 2018 for the reasons noted above.

Non-core Assets

At June 30, 2018, non-core operations represented approximately 6% of Element's total assets and included the assets listed below.

In millions

Asset	Description	June 30, 2018	Dec. 31, 2017
19 th Capital Group LLC	Senior term loans (A&B) and revolver equipment loan ⁽¹⁾	\$807.9	\$775.9
19 th Capital Group LLC	Equity ownership (49.99%)	-	\$10.0
ECAF I Holding Ltd	32.5% interest in ECAF Holdings Ltd., an indirect owner of ECAF I Ltd., an issuer of rated pooled-aircraft ABS	\$113.6	\$122.3
New Zealand Equipment Finance Portfolio	Portfolio of various vehicles and equipment	\$8.7	\$17.4
Heavy Duty Truck Portfolio	Portfolio of Class 8 tractors and trailers in the U.S.	\$60.9	\$58.8
Total		\$991.1	\$984.4

1. Balance reflects a credit loss provision of \$65 million (December 31, 2017 - \$nil) recorded with the adoption of IFRS 9.

Non-Core operations contributed \$3.6 million of net revenue as compared with \$23.1 million in Q2 2017, reflecting non-recurring fees in the prior quarter, adoption of the new IFRS 9 accounting policy and its impact on the ECAF investment, and the divestiture of certain non-core assets in 2017. Non-core assets contributed \$0.01 in after-tax adjusted operating income per share in the second quarter of 2018.

The 19th Capital joint venture continues to implement its business plan to improve operations. This plan includes moving vehicles to corporate fleets, expediting the sale or trade-in of certain units, reducing maintenance and recovery expense, and optimizing the composition of the fleet to improve overall efficiency. The operations of the 19th Capital joint venture represent one of three workstreams the Company is undertaking as part of its comprehensive strategic assessment.

Dividends declared

The Company's Board of Directors has authorized and declared a quarterly dividend of \$0.075 per outstanding common share of Element for the third quarter of 2018. The dividend will be paid on October 15, 2018 to shareholders of record as at the close of business on September 28, 2018.

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	\$0.412500	Sept. 14, 2018	Sept. 28, 2018
Series C	EFN.PR.C	\$0.406250	Sept. 14, 2018	Sept. 28, 2018
Series E	EFN.PR.E	\$0.400000	Sept. 14, 2018	Sept. 28, 2018
Series G	EFN.PR.G	\$0.406250	Sept. 14, 2018	Sept. 28, 2018
Series I	EFN.PR.I	\$0.359375	Sept. 14, 2018	Oct. 1, 2018

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).

Conference call and Webcast

A conference call to discuss these results will be held on Tuesday, August 14, 2018 at 8:00 a.m. Eastern Time. The conference call and webcast may be accessed as follows:

- Webcast: <http://services.choruscall.ca/links/elementfleet20180814.html>
- North America Toll-Free: 1-877-407-4177
- International: 1-201-689-8325
- Passcode 86810#

The webcast will be available until November 14, 2018. A recording of the conference call may be accessed through September 14, 2018 by dialing 1-604-638-9010 and entering the access code 2491#.

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 Press 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 June 30, 2018.

Element's unaudited interim condensed financial statements and related management discussion and analysis (MD&A) as at and for the three months ended June 30, 2018 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 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 www.elementfleet.com.

Contact:

Zev Korman
SVP Investor Relations
(416) 646-5421
zkorman@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 technology platform and recent investments; growth opportunities; the ability to drive operational efficiencies, safety improvements and

lower cost of ownership; business growth and its ability to win new business, technological development, partnerships and strategy, the payment of dividends, return of capital, capital allocation, outlook for core fleet management and non-core segments (including for various stated financial metrics), the strategic assessment, the strategies for Element's non-core assets, the strategic plan of the 19th Capital Group LLC joint venture, 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 relating 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 current MD&A, and Annual Information Form, all of which have 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.