



# News Release

Amounts in \$CAD unless otherwise noted

## Element Fleet Management Reports Q3 2017 Results

*Core fleet after-tax adjusted operating income of \$0.18 per share*

*\$165 million of capital returned to shareholders year to date*

*Continues to execute on growth strategy serving car sharing and ride sharing sectors*

**TORONTO, Ontario, November 8, 2017** - 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 three and nine month periods ended September 30, 2017. As disclosed in the second quarter of 2017, Element has adopted new segmentation of core fleet management and non-core assets. See the Company’s Management Discussion & Analysis (“MD&A”) for the three-month and nine-month periods ending September 30, 2017 for more information.

### Summary Consolidated Results for the Third Quarter of 2017

In millions, except per share amounts and where otherwise noted	Core Fleet	Non-Core	Total
Net earning assets	\$12,110	\$995	<b>\$13,105</b>
Net revenue	\$219.1	\$17.2	<b>\$236.3</b>
Adjusted operating expenses	\$118.4	\$1.4	<b>\$119.8</b>
After-tax adjusted operating income	\$79.5	\$12.2	<b>\$91.7</b>
After-tax adjusted operating income (to common shareholders)	\$68.5	\$12.2	<b>\$80.7</b>
Adjusted basic EPS	\$0.18	\$0.03	<b>\$0.21</b>

“Over the last two years, we have developed and launched the industry’s most advanced fleet management and analytics platform to support our fleet customers and help them navigate the revolution currently underway in the transportation and mobility sector,” said Bradley Nullmeyer, Element’s Chief Executive Officer. “Connected vehicle, sharing economy and autonomous vehicle technology are combining to create significant opportunities. We are well positioned to capitalize on each of these trends as we help our customers to drive operational efficiencies, safety improvements, and lower their total cost of ownership.”

### Recent Highlights

- Originations in the third quarter of 2017 were \$1.44 billion, up 6% compared to \$1.36 billion in Q3 2016, and Element continues to make significant advances providing fleet management services to the ride sharing/car sharing sector.
- Element acquired a 12.5% interest in Splend, an Australian based company that provides vehicles for on-demand rideshare and delivery services.
- Element initiated fleet management services for an OEM car sharing program with a fleet currently approximating 5,000 vehicles.

- Year to date, Element has returned \$165 million in capital to shareholders through increased dividends and share buybacks, compared to \$30 million for the same period in 2016. In the third quarter, Element repurchased 7.8 million common shares under its normal course issuer bid (NCIB) at an average price of \$8.75.
- Element continues to maintain a strong financial position with approximately \$4.6 billion of liquidity. Subsequent to quarter end, the Company completed the issuance of US\$1 billion of rated term notes through its Chesapeake Funding II platform. The offering brought Element's 2017 issuances to US\$3.2 billion, the most in a year from any fleet asset-backed security (ABS) issuer. Element also extended the maturity of its senior credit facility by one year to November 2020.
- The Company received an initial issuer rating of BBB+ with stable outlook from Fitch Ratings, and its investment grade ratings from Kroll Bond Rating Agency and DBRS, Inc. were also recently affirmed at A- and BBB (high), respectively, each with a stable outlook.
- Element held its annual Fleet Roundtable forum, the Company's largest-ever event of its kind, bringing together hundreds of fleet company executives, suppliers, business partners, automotive manufacturers and Element experts to share best practices and discuss the opportunities in fleet management.

### Core Fleet Management Operations

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

	For the three-month periods ended			For the nine-month periods ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
(in \$000's for stated values, except per share amounts)	\$	\$	\$	\$	\$
<b>Results from continuing operations</b>					
<b>Net revenue</b>					
Service and other revenue	134,902	143,392	142,762	406,737	412,405
Net interest and rental revenue	84,164	81,060	83,482	248,784	263,493
<b>Net revenue</b>	<b>219,066</b>	<b>224,452</b>	<b>226,244</b>	<b>655,521</b>	<b>675,898</b>
<b>Adjusted operating expenses</b>					
Salaries, wages and benefits	79,980	78,287	75,506	232,411	221,215
General and administrative expenses	38,412	43,191	41,723	121,403	132,128
<b>Adjusted operating expenses</b>	<b>118,392</b>	<b>121,478</b>	<b>117,229</b>	<b>353,814</b>	<b>353,343</b>
<b>Adjusted operating income</b>	<b>100,674</b>	<b>102,974</b>	<b>109,015</b>	<b>301,707</b>	<b>322,555</b>
Provision for taxes	21,141	21,625	22,893	63,358	67,737
<b>After-tax adjusted operating income</b>	<b>79,533</b>	<b>81,349</b>	<b>86,122</b>	<b>238,349</b>	<b>254,818</b>
Cumulative preferred share dividends	11,068	10,253	8,912	30,233	26,736
<b>After-tax adjusted operating income attributable to common shareholders</b>	<b>68,465</b>	<b>71,096</b>	<b>77,210</b>	<b>208,116</b>	<b>228,082</b>
After-tax adjusted operating income per share [basic]	0.18	0.18	0.20	0.54	0.59

- Services and other revenue was \$134.9 million for Q3 2017, a decline of 6% sequentially and compared to the same period in the prior year, respectively (1% and 3% on a constant currency basis, respectively). Results in Q3 2016 benefitted from one-time items, excluding which services and other revenue increased by 1% year-over-year, or 5% on a constant currency basis. The sequential decline was related to lower maintenance and fuel usage, consistent with the seasonal nature of these two revenue components.
- Net interest and rental revenue for Q3 2017 was \$84.2 million, or 0.8% higher than Q3 2016 and 3.8% higher than Q2 2017. On a constant currency basis, Net interest and rental revenue increased by 4.0% and 9.1% compared to Q3 2016 and Q2 2017, respectively, due primarily to increased lease activations and decreased interim funding as post-IT migration backlogs continued to be cleared.
- Net interest and rental revenue margin (NIM) was 2.77%, up 0.17% sequentially and up 0.16% over the comparable period in 2016.

## Non-core Operations

Element continues to execute on its strategy of optimizing value from non-core assets to enhance its capital structure and return capital to shareholders. Successfully completed non-core initiatives during Q3 2017 included the sale of approximately 60% of the heavy duty truck portfolio for \$138 million, and the sale of US\$23 million of Rail Notes, with both transactions yielding gross proceeds in excess of carrying book value. Net proceeds from asset sales were redeployed into capital return initiatives including share repurchases under the normal course issuer bid.

The Company continues to implement its strategic plan to improve operations in the 19<sup>th</sup> Capital joint venture. This plan includes moving vehicles to corporate fleets, expediting the sale or trade-in of certain units, and optimizing the composition of the fleet to improve overall efficiency. The Company expects these actions to right-size the operating fleet, increase utilization rates, and improve cash flows over time through the operation of newer and more efficient vehicles.

Net revenue for Non-Core operations was \$17.2 million in Q3 2017 as compared with \$19.4 million in Q3 2016 and \$23.1 million in the preceding quarter. Results primarily reflected the sale of non-core assets and the run-off nature of the equipment finance portfolio in New Zealand.

Non-core assets now represent approximately 6% of Element's assets, down from 8% last quarter.

## 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 fourth quarter of 2017. The dividend will be paid on January 15, 2018 to shareholders of record as at the close of business on December 29, 2017. These dividends are designated to be eligible dividends for purposes of section 89(1) of the Income Tax Act (Canada).

The Company'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	Dec. 15, 2017	Dec. 29, 2017
Series C	EFN.PR.C	\$0.406250	Dec. 15, 2017	Dec. 29, 2017
Series E	EFN.PR.E	\$0.400000	Dec. 15, 2017	Dec. 29, 2017
Series G	EFN.PR.G	\$0.406250	Dec. 15, 2017	Dec. 29, 2017
Series I	EFN.PR.I	\$0.359375	Dec. 15, 2017	Jan. 2, 2018

These dividends are designated to be eligible dividends for purposes of section 89(1) of the Income Tax Act (Canada).

## Conference call

A conference call to discuss these results will be held on Wednesday, November 8, 2017 at 9:00 a.m. Eastern Time. The conference call may be accessed by dialing the following numbers:

- North America Toll-Free: 1-800-806-5484
- Local: 416-641-6104
- International dial-in numbers:  
<https://www.conf solutions.ca/ILT?oss=7P1R8008065484>
- Passcode 1069901#

A series of presentation slides will be referenced by management during the conference call. These slides will be available on the Company's website in advance of the call and may be accessed at <https://www.elementfleet.com/about-us/investor-relations/presentations>.

The call will be recorded and may be accessed until December 29, 2017 by dialing 1-800-408-3053 or 905-694-9451 and entering the pass code 1046782#.

### **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 September 30, 2017.

Element's unaudited interim condensed financial statements and related management discussion and analysis as at and for the three-month period ended September 30, 2017 have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **About Element Fleet Management Corp.**

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](http://www.elementfleet.com).

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*This 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 presented by the evolving transportation and mobility sectors; 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, repurchases of securities, capital allocation, expected annual results for core fleet management and non-core segments*

*(including for various stated financial metrics), the strategies for Element's non-core assets, the refreshed strategic plan of the 19<sup>th</sup> 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](http://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.*