

Q1 2022 Investor Presentation



Forward-looking statements

This presentation contains certain forward-looking statements and forward-looking information regarding Element Fleet Management Corp. (“Element”) and its business which are based upon Element’s current expectations, estimates, projections, assumptions and beliefs. In some cases, words such as “plan”, “expect”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “target”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur are intended to identify forward-looking statements and forward-looking information. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information.

Forward-looking statements and information in this presentation may include, but are not limited to, statements with respect to, among other things, the impact that the COVID-19 pandemic may have on Element’s financial condition, operating results and cash flows; the impact that manufacturers’ production delays will have on Element’s business; the objectives, vision and strategies of Element; the future financial reporting of Element; future cash flows, financial condition, financial performance, operating performance, financial ratios, projected asset base, capital structure and capital expenditures; Element’s after-tax adjusted operating income per share and free cash flow per share; Element’s expectations regarding revenue growth; Element’s EV strategy and capabilities; global EV adoption rates; Element’s anticipated dividend policy and plans for future dividends; Element’s ability to deliver returns and benefits from its initiatives; client acquisition, retention and experience; relationships with suppliers; anticipated cash needs, capital requirements, need for and cost of additional financing and ability to access such financing; future assets; demand for services; Element’s competitive position; anticipated trends and challenges in Element’s business and the markets in which it operates; Element’s ability to generate pre-tax run-rate operating income; expectations regarding syndication; Element’s ability to increase total shareholder return; Element’s ability to pre-fund redemption of its outstanding convertible debentures upon their maturity; Element’s ability to redeem its preferred shares; Element’s dividend policy and the payment of future dividends; Element’s proposed share purchases, including the number of common shares to be repurchased, the timing thereof and TSX acceptance of the normal course issuer bid and any renewal thereof; and expectations regarding credit ratings.

By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur. Such forward-looking statements and information in this presentation speak only as of the date on the front of this presentation. The forward-looking information and statements contained in this presentation reflect several material factors, expectations and assumptions of Element including, without limitation: that Element will conduct its operations in a manner consistent with its expectations and, where applicable, consistent with past practice; acceptable negotiations with third parties; the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax and regulatory regimes; certain cost assumptions; the continued availability of adequate debt and/or equity financing and cash flow to fund its capital and operating requirements as needed; Element’s net interest margin; expectations regarding syndication; growth in lease receivables and service income; assumed rate of cost inflation; assumed applicable foreign exchange rates and applicable income tax rates; Element’s funding mix; terms of new instruments issued to refinance Element’s 2024 convertible debentures; the reset rates for Element’s outstanding preferred shares; the extent of its assets and liabilities; the impact of vehicle manufactures’ ability to deliver vehicles; and, in the case of the forward-looking statements regarding financial outlook, that Element will achieve the expected benefits, costs and timing of the transformation plan. Element believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The forward-looking events and circumstances discussed in this presentation 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 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. The COVID-19 pandemic has cast additional uncertainty on Element’s expectations, estimates, projections, assumptions and beliefs. The duration, extent and severity of the impact the COVID-19 pandemic, including measures to prevent its spread, will have on Element’s business remains uncertain and difficult to predict at this time. No forward-looking statement can be guaranteed and Element cannot guarantee future results, levels of activity, performance or achievements. Accordingly, readers should not place undue reliance on any forward-looking statements or information. A discussion of the material risks applicable to Element can be found in Element’s most recent Management Discussion and Analysis document as well as the most recent such document in respect of a full calendar year, and Element’s Annual Information Form, each of which have been or will be 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 disclaims any intention and assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Disclaimer

An investment in the securities of Element involves significant risks. A discussion of some of the material risks affecting Element and its business appears under the heading “Risk Factors” in Element’s Annual Information Form dated on March 1, 2022, and under the headings “Risk Management” and “Critical Accounting Policies and Estimates” in Element’s Management Discussion and Analysis for the three-month period ended March 31, 2022, all of which have or will have been filed on SEDAR and can be accessed at Element’s profile on www.sedar.com. Prospective investors should carefully consider the risks associated with an investment in the securities of Element before deciding to purchase any such securities.

Unless the context otherwise requires, references to “\$” are to Canadian dollars.

Non-IFRS Measures

In this presentation, management presents measures that do not have a standardized meaning under IFRS and may not be comparable to similarly-named or any other non-GAAP measures presented by other organizations. Descriptions of the non-GAAP measures presented in this document can be found in Element’s Management Discussion & Analysis that accompanies the financial statements for the most recent quarter or year, which have been filed on SEDAR (www.sedar.com).

Business overview

The largest pure-play automotive fleet manager in the world, Element (TSX: EFN) is a global B2B and B2G services company

\$1.11

Free Cash Flow
per Share¹

52.5%

Operating
Margin¹

15.8%

Return on
Equity²

- Market leader in North America and Australia / New Zealand
- Resilient recurring revenues from a growing base of loyal, blue-chip clients across 5 countries and 700+ industries
- Industry-leading scalable operating platform with minimal capex requirements
- Ample free cash flow being returned to shareholders by way of ongoing share buybacks and growing common dividends
- Transparent, accountable, proven management team with track record of creating value for shareholders
- Attractive industry dynamics including high barriers to entry

Business overview

Resilient business model consistently generates strong free cash flow and financial results throughout economic cycles

1	Essential business services provider	<ul style="list-style-type: none">• Fleet vehicles are essential for our clients to sustain revenues and/or meet stakeholder needs, ensuring continuity of demand for and utilization of our services
2	Compelling value proposition	<ul style="list-style-type: none">• We leverage our scale – purchasing power & data – to reduce the total cost of fleet operations for our clients, who outsource management of their vehicles to Element thereby eliminating in-house administrative burden
3	High client retention	<ul style="list-style-type: none">• Outsourced business services are virtually never repatriated in-house. The nature of our relationships with our clients translate into high switching costs and thus, very low client turnover: 98% is our historical average annual client revenue retention rate
4	Widely distributed client base	<ul style="list-style-type: none">• Our company serves over 5,500 clients across five sizable geographies in over 700 industries, mitigating risks of exposure to regional and sectoral business cycles
5	Organic revenue growth runway	<ul style="list-style-type: none">• 55-65% of our addressable markets are currently unpenetrated, meaning prospective clients currently self-manage their fleets and have never experienced the cost-saving and productivity-enhancing benefits of outsourced fleet management services
6	Scalable operating platform	<ul style="list-style-type: none">• Our transformed, industry-leading service platform underpins >50% operating margins that magnify net revenue growth into superior operating income growth
7	Capital-lighter business model	<ul style="list-style-type: none">• Our capital-lighter business model leverages services revenue growth and strategic fleet asset syndication to enhance returns on equity
8	Excess free cash flow	<ul style="list-style-type: none">• The tax attributes of automotive fleet assets drastically reduce our cash tax burden. Combined with minimal capex required to sustain our operations, Element's free cash flow per share consistently exceeds our reported earnings per share

2022 / 2023 Outlook

We anticipate a very good year in 2022... and a great year in 2023 and beyond

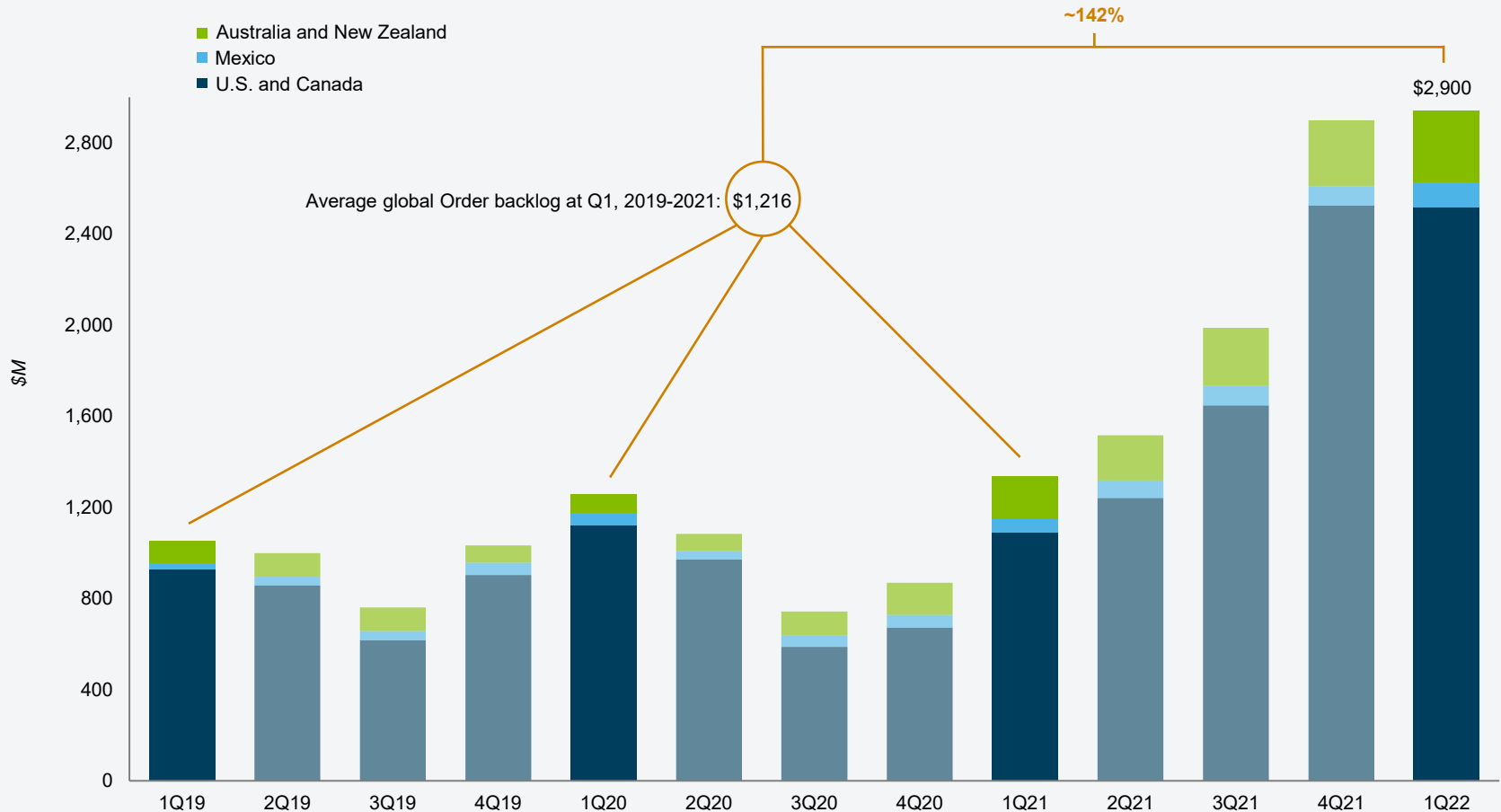
With the commercial success of 2021 adding (i) clients to our roster, (ii) vehicles under management and (iii) services penetration; with client vehicle utilization returning to and, by many measures, surpassing pre-pandemic levels; and with OEMs gradually ramping up production in the first half of this year, our multifaceted growth strategy demonstrated sustainable traction in the first quarter, warranting upward revisions to our full-year 2022 results guidance (and de-risking our 2023 guidance).

	Revised 2022 estimates	2023 estimates ¹ (from November 2021)
Net revenue and operating margin	• \$1,015-1,035 million	• \$1,050-1,080 million
	• 4-6% year-over-year growth	• 8-10% year-over-year growth
	• 52.5-53.5% operating margin	• 53-55% operating margin
Adjusted operating income (AOI) and adjusted EPS	• \$530-550 million	• \$570-600 million
	• 4.5-7.5% year-over-year AOI growth	• 10-16% year-over-year AOI growth
	• 390-400 million weighted average outstanding common shares	• 390-400 million weighted average outstanding common shares
	• \$0.92-0.96 Adjusted EPS	• \$1.00-1.05 Adjusted EPS
	• 9-14% year-over-year adjusted EPS growth	• 13-19% year-over-year adjusted EPS growth
Free cash flow (FCF) and FCF per share	• \$455-475 million FCF	• \$530-560 million FCF
	• 3-7% year-over-year FCF growth	• 19-26% year-over-year FCF growth
	• \$1.16-1.21 FCF per share	• \$1.35-1.42 FCF per share
	• 10-15% year-over-year FCF per share growth	• 20-27% year-over-year FCF per share growth

OEM production shortages

Robust client demand for new vehicles coupled with improving OEM production volumes kept our global Order backlog stable QoQ

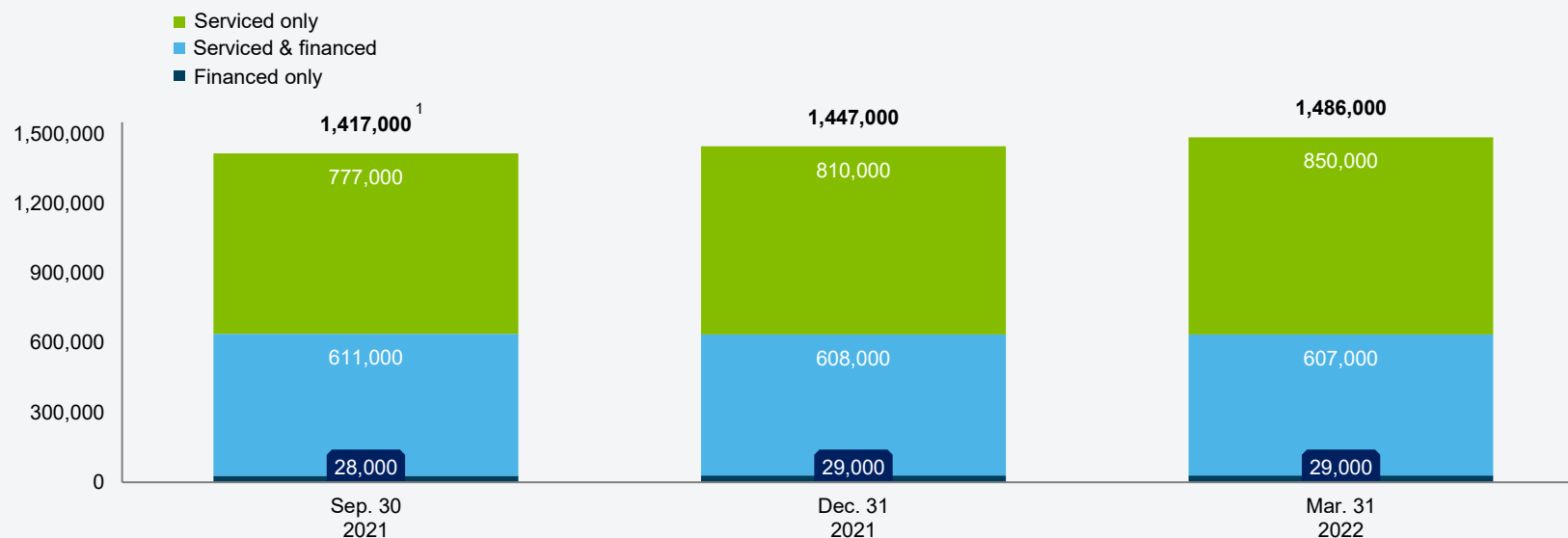
Global Order backlog excluding Armada, in constant currency (CC)



Vehicles under management

Our growth in vehicles under management is an important measure of our current business performance, and future growth potential

Global vehicles under management (VUM)



Revenue and AOI per vehicle under management

	For the three-month periods ended	Mar 31, 2022	Dec 31, 2021	QoQ Δ
Average VUM for the period ²		1,466,000	1,430,000	2.5%
Net revenue (\$ million)		260.8	246.3	
Net revenue per vehicle under management		178	172	3.3%
Adjusted operating income (\$ million)		142.9	122.9	
Adjusted operating income per vehicle under management		97	86	13.4%

1. We present VUM counts here rounded to the nearest thousand vehicles.

2. Average VUM for the period is (a) the sum of the VUM counts on (i) the last day of the prior period and (ii) the last day of each month during the period; (b) divided by (the number of months in the period, plus 1); and then (c) rounded to the nearest thousand vehicles.

Q1 2022 Results



Q1 2022 Results

We delivered strong first quarter results and raised 2022 revenue, earnings and cash flow guidance

1. Element generated \$0.21 EPS, \$0.24 adjusted EPS and \$0.29 FCF per share in Q1
2. We raised full-year 2022 results guidance, indicating net revenue will grow 4-6%, AOI 4.5-7.5%, adjusted EPS 9-14% and FCF per share 10-15% from full-year 2021 results
3. Q1 net revenue grew 4.9% from Q1 last year and 6.2% from last quarter
4. Element's scalable operating platform magnified net revenue growth into pre-tax income growth of 15.1% and AOI growth of 16.6% from last quarter, expanding pre-tax income margin 370 bps to 48.1% and operating margin 485 bps to 54.8%
5. Capital-light services revenue grew 15.2% from Q1 last year and 6.6% from last quarter. Syndication revenue was \$13.8 million for Q1. Services revenue growth and syndication combined to improve Q1 return on common equity 250 bps to 10.5% and pre-tax return on common equity 150 bps to 15.8% versus Q1 2021
6. Element returned \$106 million cash to common shareholders in the quarter by way of dividends and share buybacks under our NCIB
7. First quarter originations of \$1.4 billion constitute 11.3% growth from Q1 last year and 19.9% growth from last quarter

Q1 2022 Results

Services and net financing revenue drove strong net revenue growth for the quarter

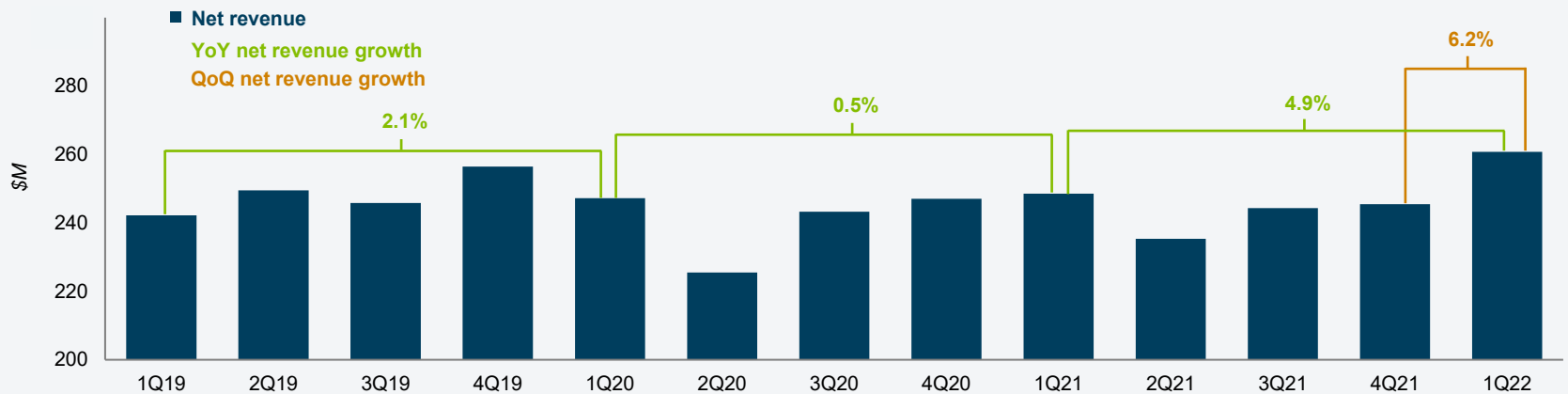
For the three-month periods ended

<i>(values in \$000's for stated amounts, except share and per share amounts)</i>	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021
Services revenue, net	131,842	123,716	114,489
Net financing revenue	115,181	107,245	111,020
Syndication revenue, net	13,777	14,521	23,089
Net revenue	260,800	245,482	248,598
Salaries, wages and benefits	76,212	82,112	73,625
General and administrative expenses	27,797	27,074	27,146
Depreciation and amortization	13,935	13,735	10,526
Adjusted operating expenses	117,944	122,921	111,297
Adjusted operating income	142,856	122,561	137,301
Operating margin	54.8%	49.9%	55.2%
Provision for taxes applicable to adjusted operating income	37,147	28,189	32,128
Cumulative preferred share dividends	8,103	8,103	8,103
After-tax adjusted operating income attributable to common shareholders	97,606	86,269	97,070
Weighted average number of shares outstanding [basic]	401,575	409,175	438,503
After-tax adjusted operating income per share [basic]	0.24	0.21	0.22

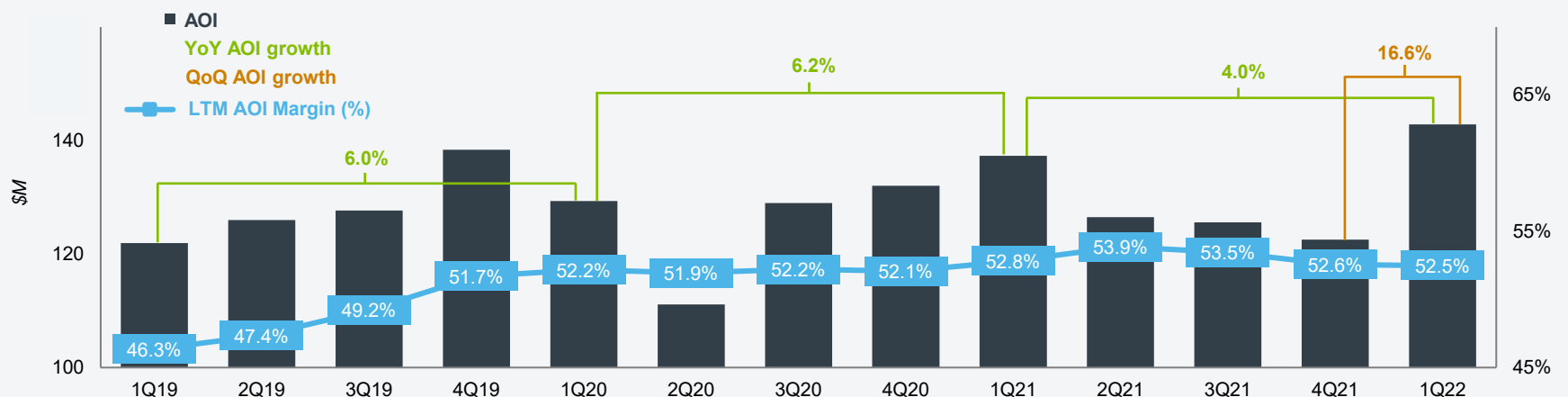
Q1 2022 Results

Global net revenue and adjusted operating income continue to grow, with deferred value accumulating in our Order backlog

Global net revenue growth quarter-over-same-quarter-prior-year (YoY) and quarter-over-quarter (QoQ)



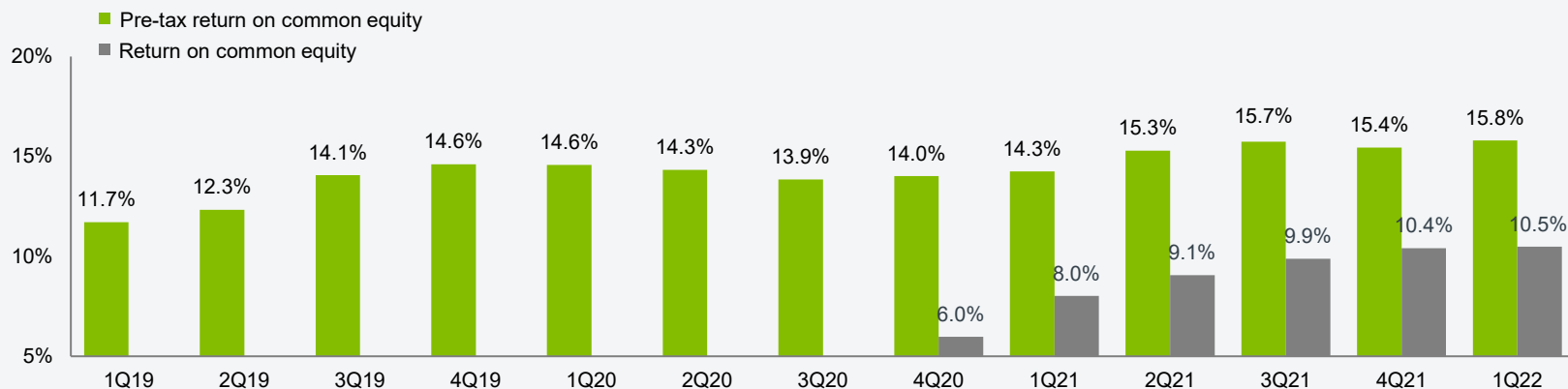
Global adjusted operating income (AOI) growth YoY and QoQ



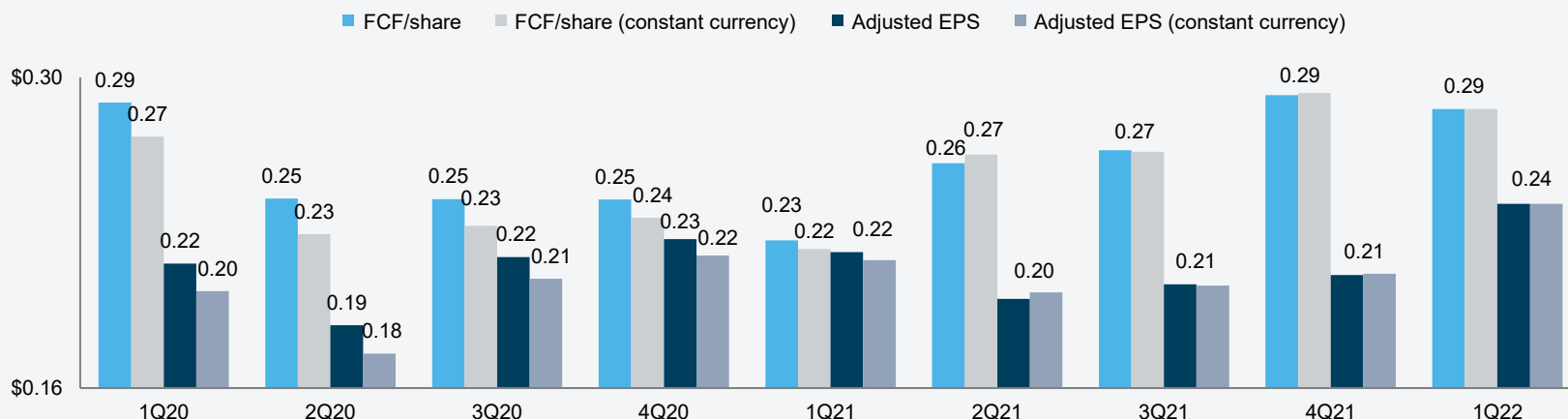
Q1 2022 Results

Our capital-lighter business model enhances ROE, and free cash flow per share routinely exceeds adjusted EPS

Return on common equity



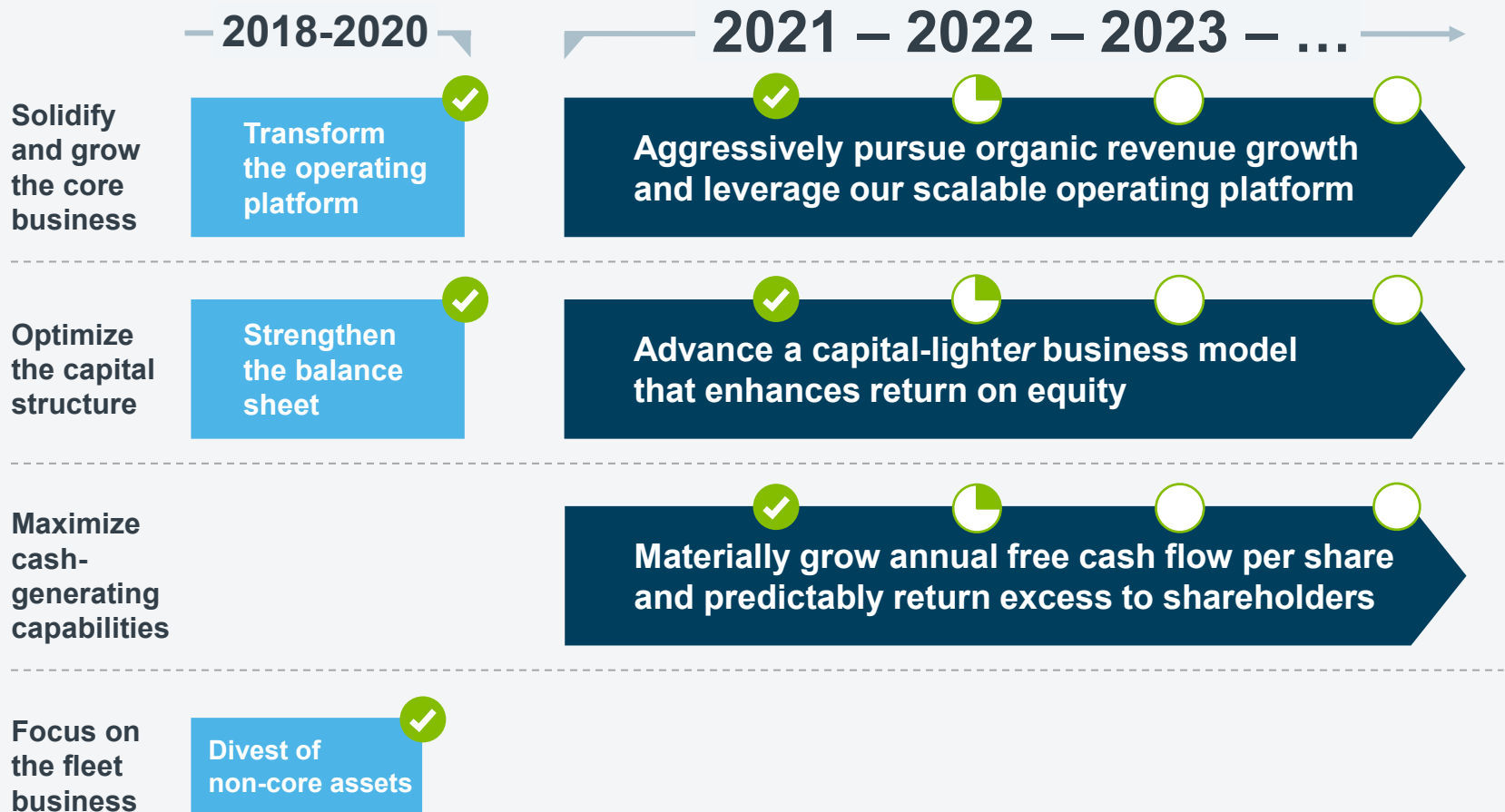
Free cash flow per share



Strategic priorities

Strategic priorities

We achieved our strategic growth objectives in 2021 and expect to continue doing so in 2022, 2023 and beyond



Strategic priorities

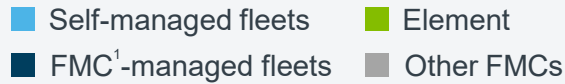
We are aggressively pursuing profitable net revenue growth

Five sources of growth:

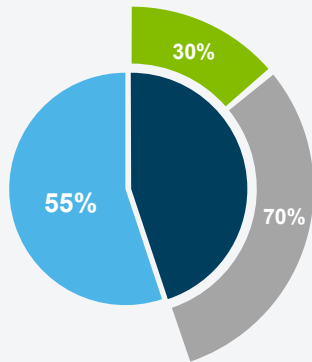
- 1 Retaining existing clients (improving on 98% industry average)
- 2 Increasing client profitability and service penetration (share of wallet)
- 3 Winning new clients from other FMCs (improved salesforce effectiveness)
- 4 Converting self-managed fleets into Element clients
- 5 Realize potential of untapped mega and government fleet markets

Strategic priorities

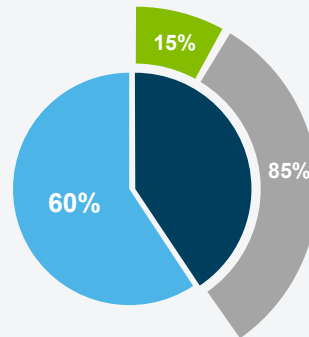
Self-managed fleets represent a very large opportunity for sustained organic net revenue growth across our footprint



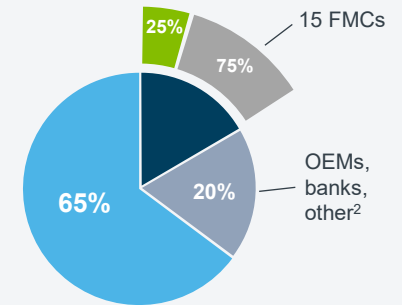
U.S. & Canada



Australia & New Zealand



Mexico



Annual potential net revenue to FMCs



ESG Scorecard

Element is committed to sustainability and we are leading with the transparency and integrity we are known for

As part of our commitment to ESG, our ESG Scorecard is incorporated into and linked to Element's Global Balanced Scorecard – to drive performance in the coming years

	2021/2022 Strategic Objectives	2021/2022 Metrics	2021 Results
Sustainability Reduce carbon footprint and invest in green technology	• Reduce client fleet petroleum consumed	• Cumulative grams of CO ₂ saved	• Surpassed our cumulative goal of 127B grams of CO ₂ saved (since 2017), with actual results exceeding our year-end target by 3B grams
	• Reduce EFN carbon emissions	• Electrification of internal fleet	• Electrification of our internal fleet outperformed globally over the previous year, despite challenges presented by the pandemic and the associated microchip shortages
	• Enable client fleet electrification	• EV originations	• EV originations continued an upward trend, outperforming at year-end with 6,733 vehicles globally
Diversity and Inclusion Foster D&I in our workforce and in our communities	• Attract and develop a diverse workforce	• Diversity representation	• Our workforce is 50% women and 20% Black, Indigenous and People of Color
	• Promote diversity across our supply chain	• Track pass-through spend/volume driven to minority and women-owned suppliers	• Despite challenges related to the pandemic and vehicle acquisition, we achieved 80% of our goal. In 2021, US\$1.5 billion was spent with more than 4,700 diverse suppliers across the U.S. That included approximately US\$200 million with identified small businesses and US\$700 million with women-owned businesses
	• Give back to our communities	• Total employee volunteered time • Corporate donations	• Corporate donations exceeded our target with \$2.4 million donated
Satisfaction & Safety Prioritize client and employee Safety & Satisfaction	• Improve employee and client satisfaction	• Global Employee Engagement Index • Global NPS Score	• We achieved top quartile employee engagement scores globally, with our overall employee engagement index of 81%. Globally, we outperformed our client satisfaction goals with our NPS increasing from 22 in 2020 to 35 in 2021
	• Improve client and driver safety	• Number of accidents per million kilometers driven	• We surpassed our ambitious target with an average 3.8 preventable accidents per million kilometers driven, improving client and driver safety through our accident management program offering
Governance Increase ESG reporting, education and awareness	• Improve external ESG scores	• EcoVadis and ISS scores	• Our EcoVadis score moved from bronze to silver in 2021. This result places us among the 85th percentile of companies assessed by EcoVadis. Our ISS score also improved in 2021 by over 30%
	• Board composition	• Director independence, diversity and tenure	• We exceeded our target of 30% women on our Board of Directors as 40% of our Board members are women

A global fleet leader

Element is the largest pure-play automotive fleet manager in the world, providing B2B / B2G services that lower clients' total cost of fleet operations and make their vehicles and drivers **safer, smarter** and **more productive**.

Dominant market position in North America and the market leader in Australia / New Zealand

Resilient recurring revenues from a growing base of loyal, world-class clients across 700+ industries

Ample free cash flow returned to shareholders through common dividends and share buybacks

Accountable management with proven ability to create value

Reliable 4-6% annual net revenue growth in normal market conditions