

Q3 2021 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 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 objectives, vision and strategies of Element; anticipated benefits of Element’s transformation plan; 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 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; the extent, nature and impact of any value driver to create pre-tax run-rate operating income; 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 manufacturers’ 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 is highly 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 March 3, 2021, and under the headings “Risk Management” and “Critical Accounting Policies and Estimates” in Element’s Management Discussion and Analysis for the three- and nine-month periods ended September 30, 2021, 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 uses a number of terms and ratios (including “adjusted operating income” and “after-tax adjusted operating income per share”) 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 Element’s Management Discussion & Analysis for the three- and nine-month periods ended September 30, 2021, which has or will have been filed on SEDAR (www.sedar.com). Element believes that certain Non-IFRS Measures can be useful to investors because they provide a means by which investors can evaluate Element’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 in a given period.

Please see the definitions of “Adjusted operating income” and “After-tax adjusted operating income per share” provided under the heading “Description of Non-IFRS Measures” in Element’s Management Discussion and Analysis in respect of the period ended September 30, 2021, which is publicly available on SEDAR.

Business overview

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

\$431 M

LTM Free
Cash Flow¹

53.4%

Operating
Margin¹

15.7%

Return on
Equity²

- Market leader in North America and Australia / New Zealand
- Resilient recurring revenues from a growing base of loyal, world-class 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

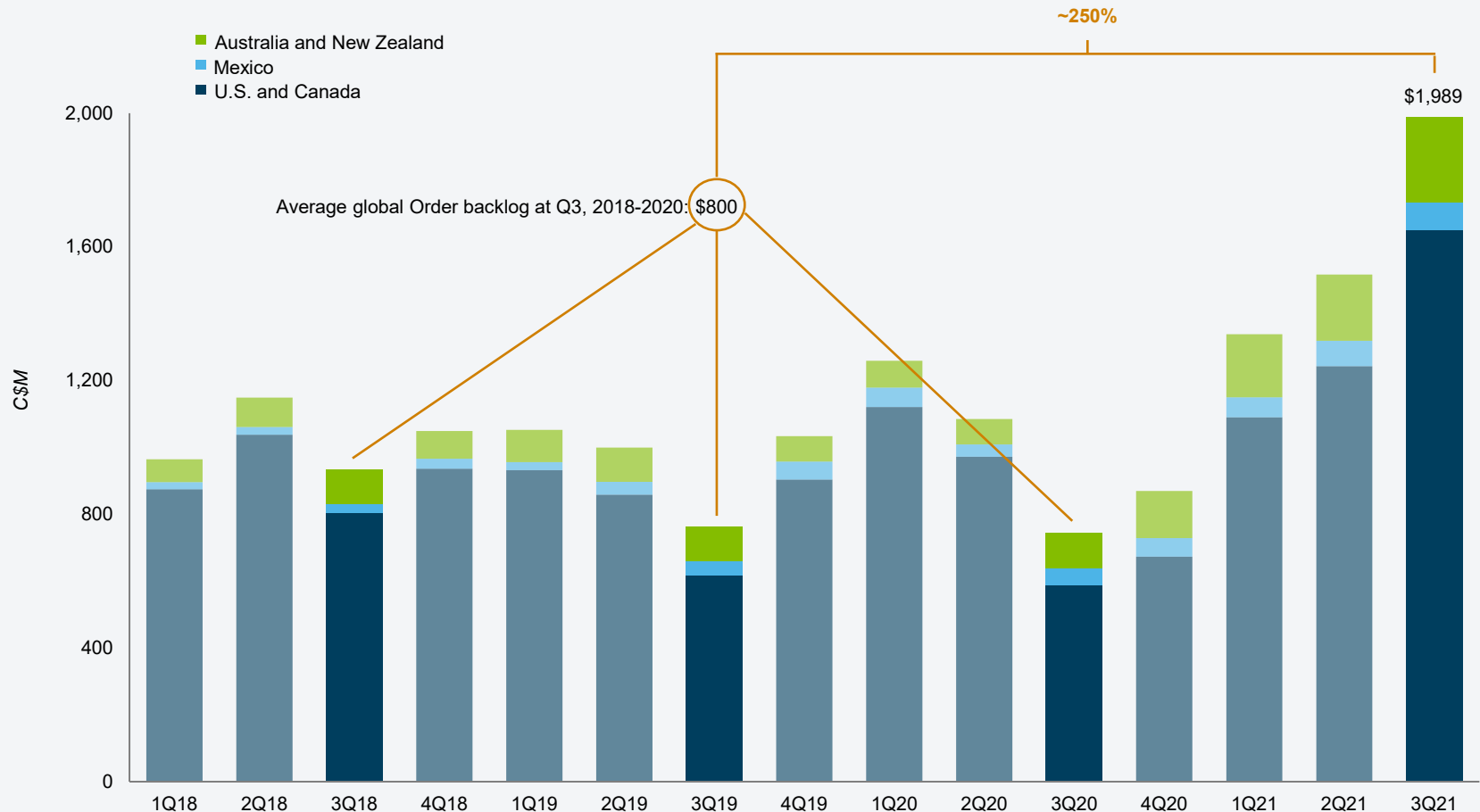
Resilient business model consistently generates strong cash flows and solid financial results throughout economic cycles

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 significantly higher operating income growth
7	Capital-lighter business model	<ul style="list-style-type: none">• Our evolving capital-lighter business model incorporates increased service penetration (share of wallet) 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 routinely exceeds our reported earnings

OEM production shortages

Robust client demand for new vehicles, along with OEM production shortages, have driven our global Order backlog to a record \$2B

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



2022 / 2023 Outlook

Element expects significant growth in 2023 as deferred revenue, operating income and cash flow are recovered from backlogs

We anticipate the \$2.0 billion global Order backlog at September 30, 2021 will grow to \$2.5-2.8 billion by year-end, representing approximately \$1.5-1.8 billion of Orders in excess of our historical average backlog at December 31. We estimate that this ~\$1.5-1.8 billion excess Order backlog, originated over the course of 12 months, would generate the following within that period:

- \$45 to \$55 million of net revenue,
- \$40 to \$50 million of adjusted operating income, and
- \$55 to \$65 million of free cash flow.

Based on these estimates, we offer the following perspective on Element's anticipated revenue, operating income and cash flow results for the full years 2021, 2022 and 2023.¹

	2021 Forecast	2022 Estimates	2023 Estimates
Net revenue	• C\$960-970 million	• C\$975-995 million	• C\$1,050-1,080 million
	• 4-5% year-over-year growth	• 1-3% year-over-year growth	• 8-10% year-over-year growth
Adjusted operating income (AOI)	• C\$500-510 million	• C\$510-530 million	• C\$570-600 million
	• 52-53% operating margin	• 52-53% operating margin	• 53-55% operating margin
	• 5-6% year-over-year AOI growth	• 1-3% year-over-year AOI growth	• 10-16% year-over-year AOI growth
	• C\$0.80-0.82 Adjusted EPS	• C\$0.87-0.90 Adjusted EPS	• C\$1.00-1.05 Adjusted EPS
Free cash flow (FCF)	• C\$425-430 million	• C\$435-455 million	• C\$530-560 million
	• C\$1.00-1.02 FCF per share	• C\$1.09-1.14 FCF per share	• C\$1.35-1.42 FCF per share
	• 3-4% year-over-year FCF / share growth	• 8-13% year-over-year FCF / share growth	• 20-27% year-over-year FCF / share growth

Q3 & YTD 2021 Results

Q3 & YTD 2021 Results

Third quarter and YTD results reflect consistent focus on growth priorities

1. Element's third quarter net revenue increased 4.4% in constant currency over Q3 2020
2. Free cash flow per share for Q3 grew 9.0% year-over-year and 14.7% year-over-year in constant currency
3. Adjusted operating income was \$125.6 million for the quarter, equivalent to \$0.21 per share
4. Q3 services revenue grew 9.4% from last year on a constant currency basis when controlling for the one-time services revenue benefit in Q3 2020
5. Capital-light services and syndication revenues made up 55.3% of Q3 net revenue and enhanced return on equity by 40 basis points quarter-over-quarter to 15.7%
6. Alongside Q3 results, Element announced a 19% common dividend increase from \$0.26 to \$0.31 annually per share and TSX approval of the renewal of the Company's normal course issuer bid to continue repurchasing common shares
7. The Company's global Order backlog grew 33% from Q2 to \$2.0 billion, representing an estimated \$30-50 million in deferred revenue, operating income and cash flow

Q3 & YTD 2021 Results

YTD 2021 operating margin expanded by 190 basis points from YTD 2020, highlighting Element's scalable operating platform

As reported	For the three-month periods ended			For the nine-month periods ended	
<i>(values in \$000's for stated amounts, except share and per share amounts)</i>	Sep 30, 2021	Jun 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
Services revenue, net	121,075	113,185	124,734	348,749	365,096
Net financing revenue	109,328	109,352	103,272	329,700	299,232
Syndication revenue, net	13,937	12,865	15,246	49,891	51,666
Net revenue	244,340	235,402	243,252	728,340	715,994
Salaries, wages and benefits	78,493	72,654	74,910	224,772	225,239
General and administrative expenses	24,355	25,826	28,789	77,327	89,170
Depreciation and amortization	15,866	10,410	10,568	36,802	32,134
Adjusted operating expenses	118,714	108,890	114,267	338,901	346,543
Adjusted operating income	125,626	126,512	128,985	389,439	369,451
Operating margin	51.4%	53.7%	53.0%	53.5%	51.6%
Provision for taxes applicable to adjusted operating income	31,419	32,577	21,927	96,124	63,635
Cumulative preferred share dividends	8,103	8,103	10,875	24,309	32,687
After-tax adjusted operating income attributable to common shareholders	86,104	85,832	96,183	269,006	273,129
Weighted average number of shares outstanding [basic]	416,353	428,646	438,854	427,753	438,006
After-tax adjusted operating income per share [basic]	0.21	0.20	0.22	0.63	0.62
Originations	1,314,234	1,198,102	1,279,263	3,798,842	4,617,054

Q3 & YTD 2021 Results

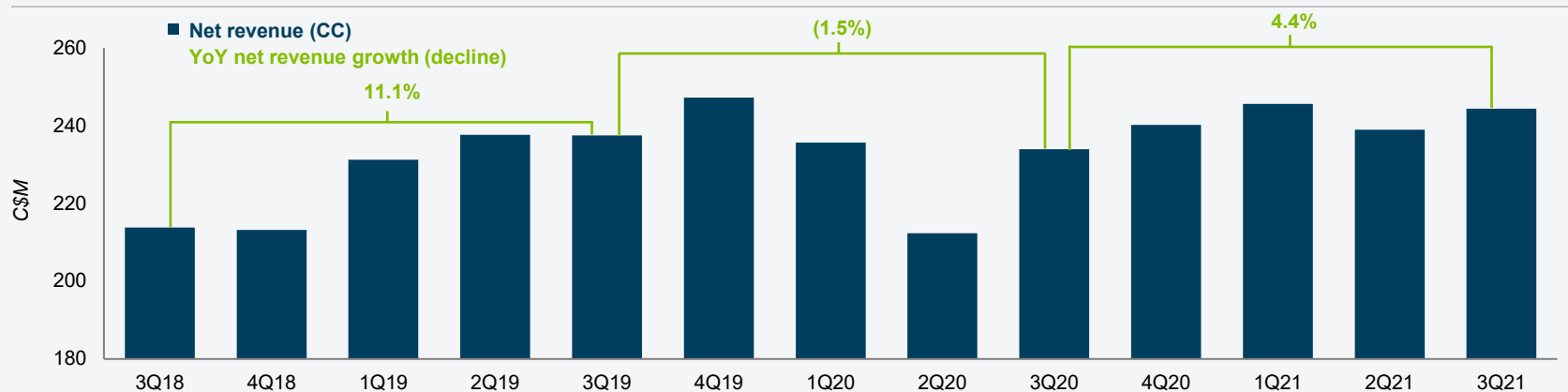
Adjusted for constant currency, our year-over-year net revenue growth continues to track within our targeted 4-6% range

Constant currency	For the three-month periods ended			For the nine-month periods ended	
	Sep 30, 2021	Jun 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
<i>(values in \$000's for stated amounts, except share and per share amounts)</i>					
Services revenue, net	121,075	115,100	118,954	348,749	344,271
Net financing revenue	109,328	110,667	100,587	329,700	288,195
Syndication revenue, net	13,937	13,184	14,419	49,891	47,953
Net revenue	244,340	238,951	233,960	728,340	680,419
Salaries, wages and benefits	78,493	73,714	72,236	224,772	214,701
General and administrative expenses	24,355	26,201	27,731	77,327	85,020
Depreciation and amortization	15,866	10,551	10,166	36,802	30,778
Adjusted operating expenses	118,714	110,466	110,133	338,901	330,499
Adjusted operating income	125,626	128,485	123,827	389,439	349,920
Operating margin	51.4%	53.8%	52.9%	53.5%	51.4%
Provision for taxes applicable to adjusted operating income	31,419	33,085	21,051	96,124	60,456
Cumulative preferred share dividends	8,103	8,103	10,875	24,309	32,687
After-tax adjusted operating income attributable to common shareholders	86,104	87,297	91,901	269,006	256,777
Weighted average number of shares outstanding [basic]	416,353	428,646	438,854	427,753	438,006
After-tax adjusted operating income per share [basic]	0.21	0.20	0.21	0.63	0.59
Originations	1,314,234	1,218,750	1,234,036	3,798,842	4,390,758

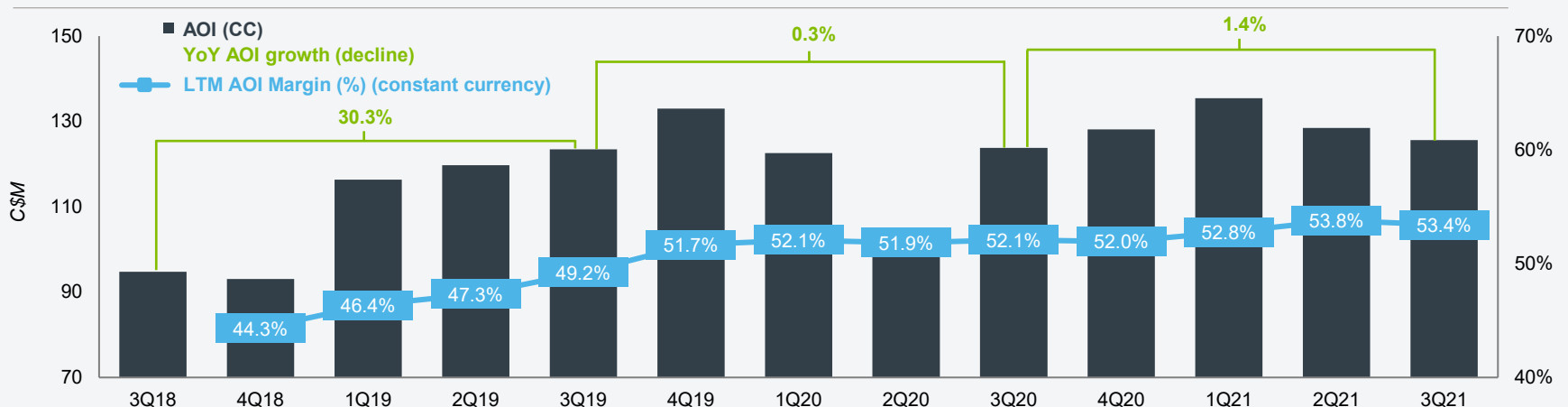
Q3 & YTD 2021 Results

Global net revenue and adjusted operating income continue to grow while deferred revenue accumulates in our Order backlog

Global net revenue growth YoY



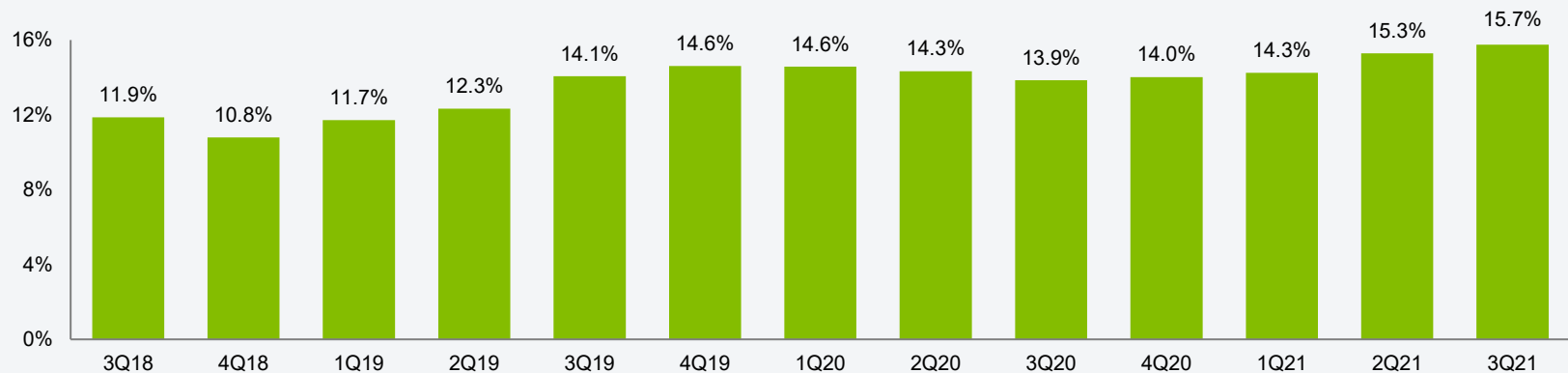
Global adjusted operating income (AOI) growth YoY



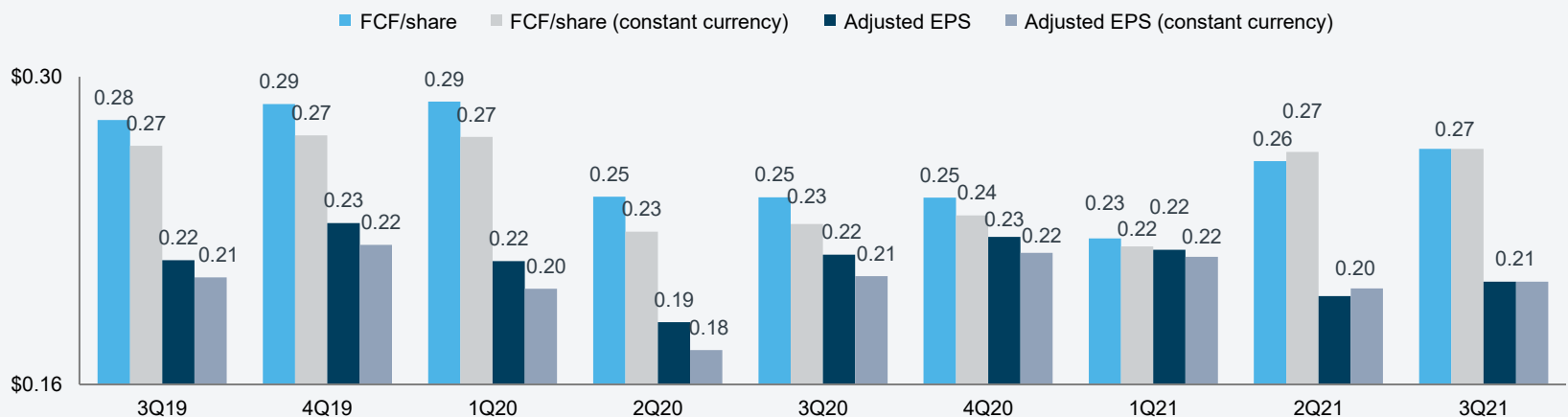
Q3 & YTD 2021 Results

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

Pre-tax return on common equity



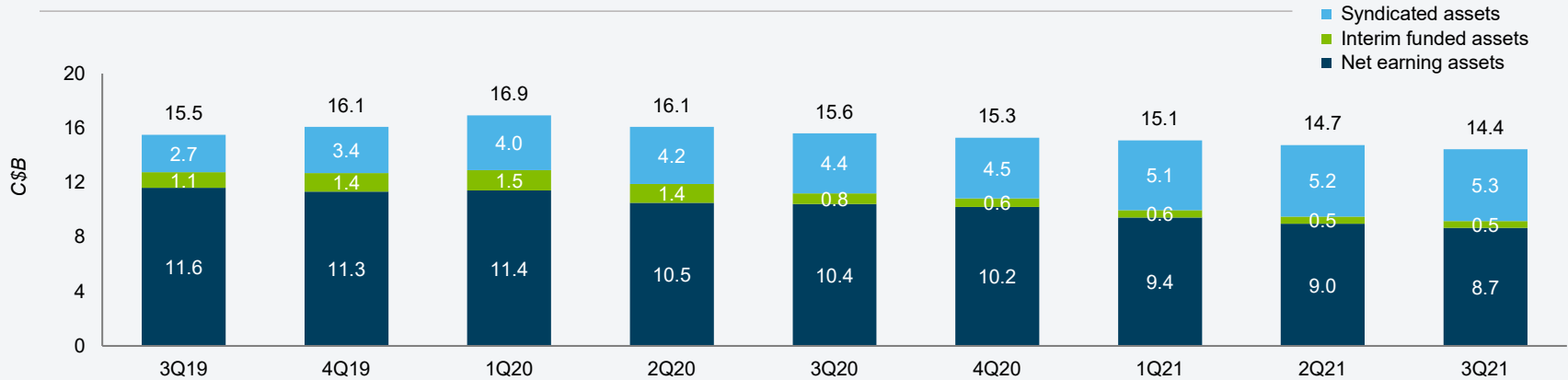
Free cash flow



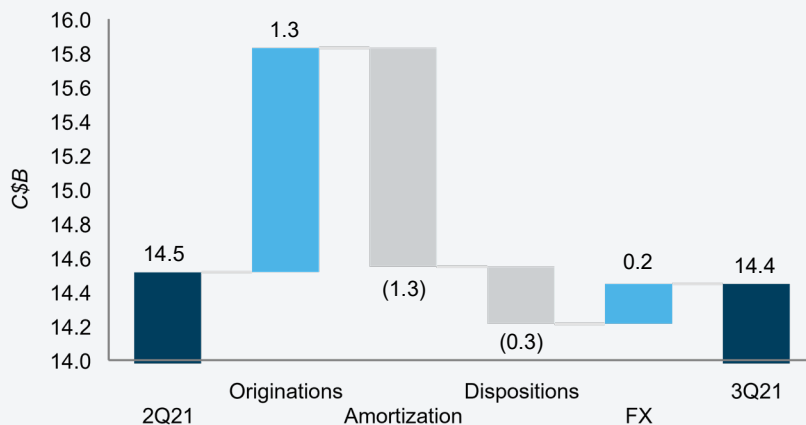
Q3 & YTD 2021 Results

Syndicated assets are a growing proportion of our AUM as a function of our advancing capital-lighter business model

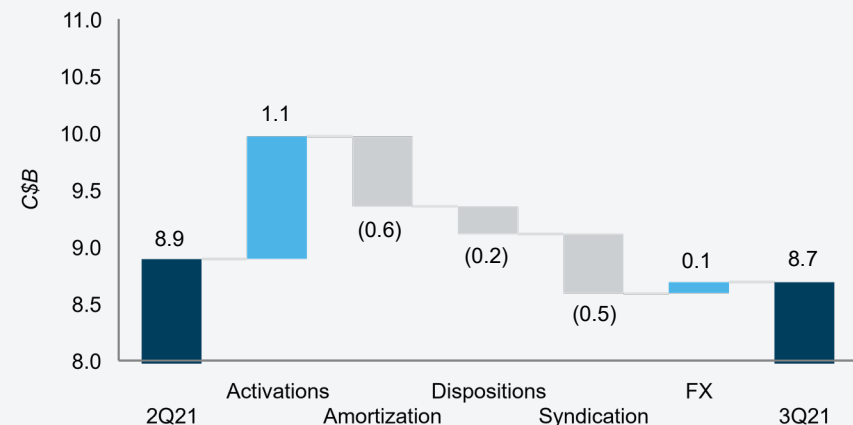
Global assets under management on a constant currency basis



2Q21 -> 3Q21 Assets under management



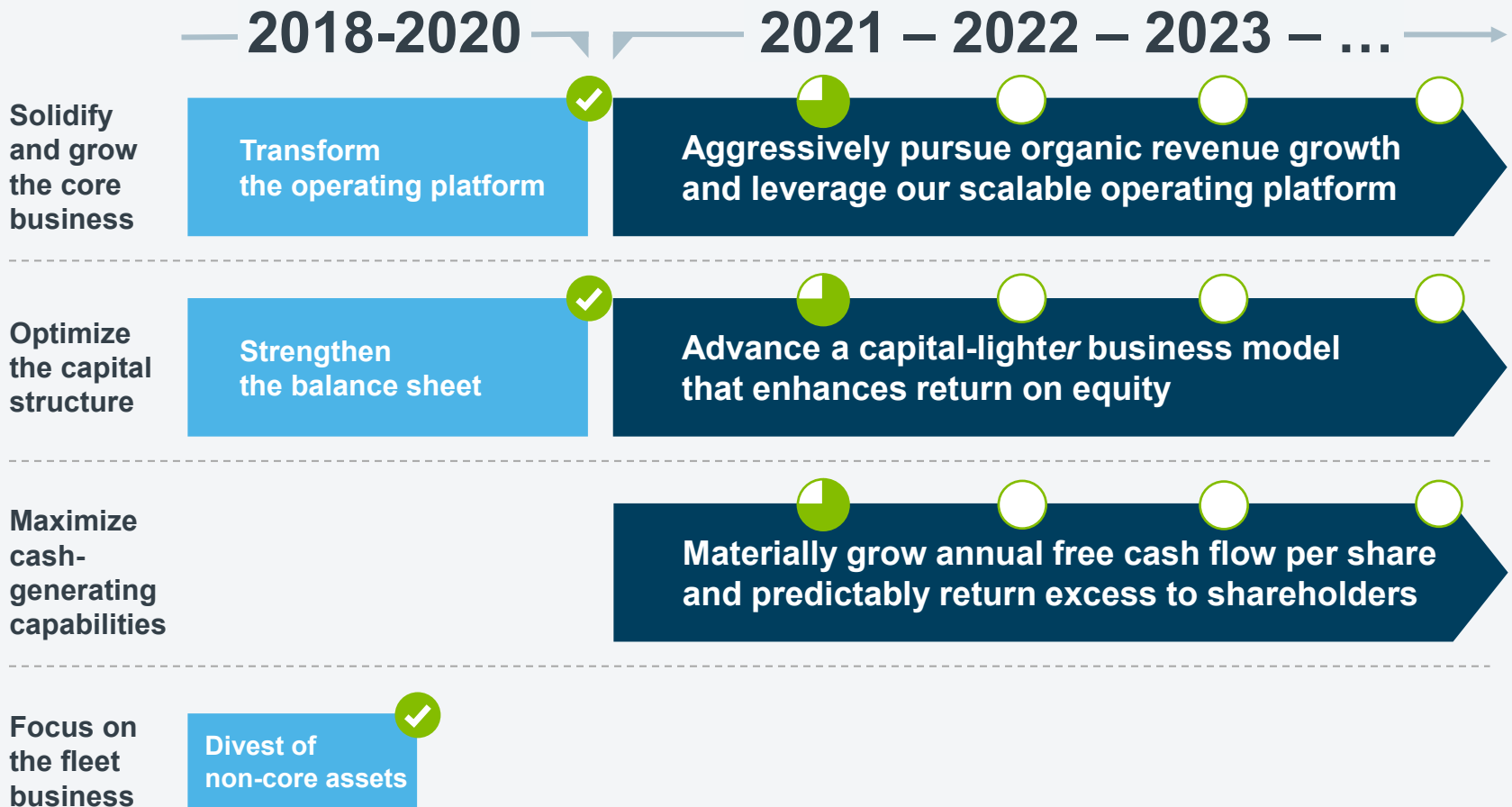
2Q21 -> 3Q21 End-of-period net earning assets



Strategic priorities

Strategic priorities

Having transformed the business, we are focused on achieving our strategic growth priorities for 2021 and beyond



Strategic priorities

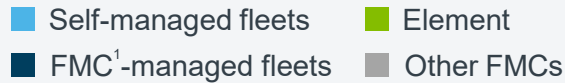
We are aggressively pursuing profitable net revenue growth

Five sources of global net revenue growth in 2021:

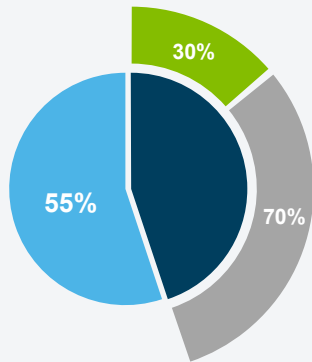
- 1 Retaining existing clients (improving on 98% industry average)
- 2 Increasing client profitability and service penetration (share of wallet)
- 3 Winning new clients from other FMCs (improved salesforce effectiveness)
- 4 Converting self-managed fleets into Element clients
- 5 Reducing costs that offset gross revenues to derive net revenue

Strategic priorities

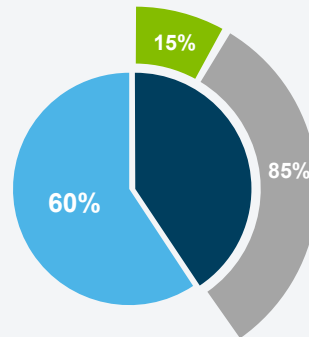
Self-managed fleets represent a very large opportunity for sustained organic net revenue growth across our footprint



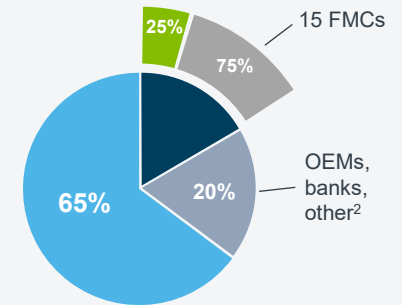
U.S. & Canada



Australia & New Zealand



Mexico



Annual potential net revenue to FMCs

\$6.0 billion

\$3.3 billion

\$3.6 billion

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. In 2021, Element’s first year formally tracking ESG metrics, our priority is to develop a robust baseline, which we will publish in our second annual ESG Report in 2022. As our ESG strategy matures, our Scorecard will evolve in alignment.

	2021 Strategic Objectives	2021 Metrics
Sustainability Reduce carbon footprint and invest in green technology	• Reduce client fleet petroleum consumed	• Cumulative grams of CO ₂ saved
	• Reduce EFN carbon emissions	• Electrification of internal fleet
	• Enable client fleet electrification	• EV originations
Diversity and Inclusion Foster D&I in our workforce and in our communities	• Attract and develop a diverse workforce	• Diversity representation
	• Promote diversity across our supply chain	• Track pass-through spend/volume driven to minority and women-owned suppliers
	• Give back to our communities	• Total employee volunteered time • Corporate donations
Satisfaction & Safety Prioritize client and employee Safety & Satisfaction	• Improve employee and client satisfaction	• Global Employee Engagement Index • Global NPS Score
	• Improve client and driver safety	• Number of accidents per million kilometers driven
Governance Increase ESG reporting, education and awareness	• Improve external ESG scores	• EcoVadis and ISS scores
	• Board composition	• Director independence, diversity and tenure

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