



# Corporate Update

February 5, 2018

Element Fleet Management





## Agenda

- Backdrop
- Strategic Review
- Management Succession
- Priorities and Initiatives
- Outlook

A nighttime photograph taken from the driver's perspective inside a car. The view is through the windshield and side window, showing a city skyline with illuminated skyscrapers and a bridge over a river. The car's side mirror and part of the dashboard are visible in the foreground.

**Brian Tobin**  
*Chairman*

# Backdrop

- EFN has expanded rapidly through acquisition and organic growth, creating North America's leading fleet management platform
- Sustained innovation and investment have produced compelling new services for customers, positioning EFN to profit from the new face of mobility and transportation
- Early successes are reflected in strong originations and exciting new customer wins such as Maven, Splend and many others
- However, implementation of the industry's most advanced technology platform has taken longer than was originally expected and involved integration challenges
- Over the last couple of years, we completed a corporate split, segmented the core fleet operations and more recently, performed a review of strategic alternatives which further required management attention
- This has led to temporarily higher cost structure and a revenue growth trajectory below EFN's long-term potential

**We have set the stage for continued growth but must strengthen areas of our operations**

# Strategic Review

## Staying the Course

- In consultation with several of our largest shareholders and with assistance of our advisers, Element explored a broad spectrum of alternatives over the past year
- We evaluated a number of opportunities to surface shareholder value and weighed them against our business strategy and our future prospects as a leading global fleet management company
- The Board and its advisers have completed their review and concluded that the best way to create long-term value for all stakeholders is to continue to execute on the Company's strategy
- We will redouble our efforts on customer experience, cost efficiency and operating excellence
- This will allow EFN to optimize its operations and harvest its recent investments in technology which will drive future growth

# Management Succession

- Having established a vision and foundation for growth, Bradley Nullmeyer is retiring after five years
- Daniel Jauernig named acting Chief Executive Officer
- Daniel joined EFN in 2014 and has comprehensive knowledge of our operations, customers and industry
- Board has initiated a CEO search to guide EFN through its next phase of development and growth, which will include both internal and external candidates

A nighttime photograph taken from the driver's perspective inside a car. The view is through the windshield and side window, showing a city skyline with illuminated skyscrapers and a bridge over a river. The car's side mirror and part of the dashboard are visible in the foreground. The overall mood is modern and dynamic.

**Daniel Jauernig**  
*Acting CEO*

# Priorities and Initiatives

## Operational Excellence

- Optimize the customer experience
- Align expenses to revenue growth
- Maintain investment in innovation and customer service
- Execute on current pipeline of business
- Leveraging our industry-leading technology and recent investments
- Greater penetration of services



# Outlook

## Business Update

- 2017 operating results in the core fleet business to be in line with previously communicated 2017 guidance
- Integration challenges resulted in 2017 ending with a decline in service units from the third quarter
- 2018 core fleet adjusted operating income will be down approximately 3% to 5% on a currency neutral basis
- New client originations and management initiatives in 2018 will build a foundation for growth in core fleet adjusted operating income that is expected to resume beginning in 2019
- EFN to report Q4 and FY2017 results on March 15

**We are confident we can achieve mid- and long-term annual growth rates of 7% - 9% for core fleet adjusted operating income in 2020 and beyond**

# EFN Remains Attractively Positioned

## Business Update

- Robust fundamentals and leading market share in North American fleet
- Strong free cash flow and excess internally generated capital to fund operations, growth and return of capital through dividends and share buybacks
- Access to low cost funding and record low spreads on recent ABS issuance
- Strong investment grade rating of BBB+ (stable outlook) from Fitch Ratings, and A- and BBB (high) with Kroll Bond Rating Agency and DBRS, Inc. respectively each with a stable outlook