

Q3 2019 Investor Presentation



Forward-looking statements

This presentation contains certain forward-looking statements and forward-looking information regarding 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 objectives, vision and strategies of Element Fleet Management Corp. ("Element"); anticipated benefits of Element's transformation plan; the future financial reporting of Element; future cash flows, financial condition, operating performance, financial ratios, projected asset base, capital structure and capital expenditures; Element's after-tax adjusted operating income per share; 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 borrowing base; future performance of 19th Capital; the implementation of Element's systems integrations and organizational revisions; 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, including realizing on its plans for selling certain non-core assets; 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 2020 convertible debentures; the reset rates for Element's outstanding preferred shares; proceeds from non-core asset sales; the operating performance of 19th Capital, including the terms upon which idle assets can be sold or leased, and timing of same; the extent of its assets and liabilities; 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 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 and Element cannot guarantee future results, levels of activity, performance or achievements. 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 applicable to Element can be found in Element's current Management and Discussion and Analysis and 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.-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 7, 2019, and under the headings “Risk Management” and “Critical Accounting Policies and Estimates” in Element’s Management and Discussion and Analysis for the three- and nine-month periods ended September 30, 2019, all of which 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, 2019, which 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 of 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, 2019, which is publicly available on SEDAR.

Important themes for Q3 2019

- 1.** With increasing earnings and a rapidly deleveraging balance sheet, we are producing strong financial results
- 2.** We are making real and significant progress across our three-pronged strategy announced in October 2018, enabling us to accelerate our pivot to growth
- 3.** Based on our progress to date and our line-of-sight to additional opportunities, we are increasing our targeted run-rate profit improvements actioned by year-end 2020 by 20% to \$180 million and expect to exit 2019 with \$120 million, up from \$100 million
- 4.** S&P has initiated coverage of Element with a BBB investment-grade credit rating, opening access to the U.S. unsecured corporate debt market
- 5.** We have initiated a sale process for 19th Capital to stay focused on the transformation program, the balance sheet, and growing Element's core business
- 6.** Element expects its transformed business to be capable of annual revenue growth of 4-6% beginning in 2020

All references to "\$" are to Canadian dollars.

Business overview

Element's foundational strengths position it well for continued profitable growth

~\$18 bn
Assets

~\$5.0 bn
Market cap

EFN
Ticker

- No. 1 in North America and Australia-New Zealand
- 67% of portfolio with investment-grade clients
- An investment-grade balance sheet that is rapidly deleveraging
- Well-diversified across clients (700+ industries), geographies, revenue and funding sources
- Attractive industry dynamics with high barriers to entry
- Management team with a proven ability to deliver shareholder value with full accountability and transparency

“We are in the enviable position of being a **global leader** in the business of fleet services and leasing.”

Business overview

We are making real and significant progress across our three-pronged strategy announced in October 2018

Financial Performance

- Core adjusted operating income increased 31% year-over-year to \$129.8 million in Q3 2019, reflecting the impact of transformation initiatives, syndication revenue and a growing client base
- Assets under management increased 11% year-over-year to \$16.2 billion in Q3 2019
- We nearly tripled syndication revenue year-over-year, to \$23.1 million in Q3 2019 as we manage client concentration risk and deleverage the balance sheet
- We continue to rapidly deleverage our investment-grade balance sheet, achieving 6.74x tangible leverage at September 30, 2019, compared to 7.79x at December 31, 2018

Transformation Program

- Transformation work remains ahead of plan; progress to date and new opportunities identified result in an increase in transformation savings target by 20% to \$180 million of run-rate profit improvement actioned by year-end 2020
- We have actioned \$102 million of run-rate profit improvements as at Q3 2019
- We have made \$101 million of one-time investments in our transformation program to date, and expect to invest as much as ~\$80 million more in pursuit of our increased target
- Our actioned initiatives thus far are expected to deliver \$70 million in operating income before-tax in 2019 and \$90 million in 2020

Balanced Scorecard

- We continue to outperform on most metrics of our Global Balanced Scorecard, indicating healthy performance across our business
- Year-to-date, our client retention metric is at 102% achievement of target
- Year-to-date, our operational effectiveness and operational efficiency metrics are at 113% and 109% achievement of target, respectively
- We generated a return on equity of 11.5% this quarter, versus 9.3% in Q3 2018
- We generated adjusted core EPS of \$0.22 in Q3 2019, versus \$0.19 in Q3 2018

Business overview

Element generated core after-tax adjusted operating income of \$0.22 per share in Q3 2019

Core Fleet Management Operations Q3 2019 summary results

(in \$000's for stated values, except per share amounts)	Three-month periods ended		
	September 30, 2019	June 30, 2019	September 30, 2018
	\$	\$	\$
Net revenue			
Net interest income and rental revenue	209,267	216,663	204,176
Interest expense	110,036	114,209	100,218
Net financing revenue	99,231	102,454	103,958
Servicing income, net	122,181	124,236	109,750
Syndication revenue, net	23,084	21,743	6,407
Net revenue	244,496	248,433	220,115
Adjusted operating expenses			
Salaries, wages and benefits	77,427	82,797	80,742
General and administrative expenses	27,443	29,148	33,739
Depreciation and amortization	9,840	9,802	6,196
Adjusted operating expenses	114,710	121,747	120,677
Adjusted operating income	129,786	126,686	99,438
Provision for taxes applicable to adjusted operating income	22,713	24,703	17,901
After-tax adjusted operating income	107,073	101,983	81,537
Less: Cumulative preferred share dividends	11,071	11,164	11,068
After-tax adjusted operating income attributable to common shareholders	96,002	90,819	70,469
Weighted average number of shares outstanding [basic]	435,134	434,687	380,644
After-tax adjusted operating income per share [basic]	0.22	0.21	0.19

Business overview

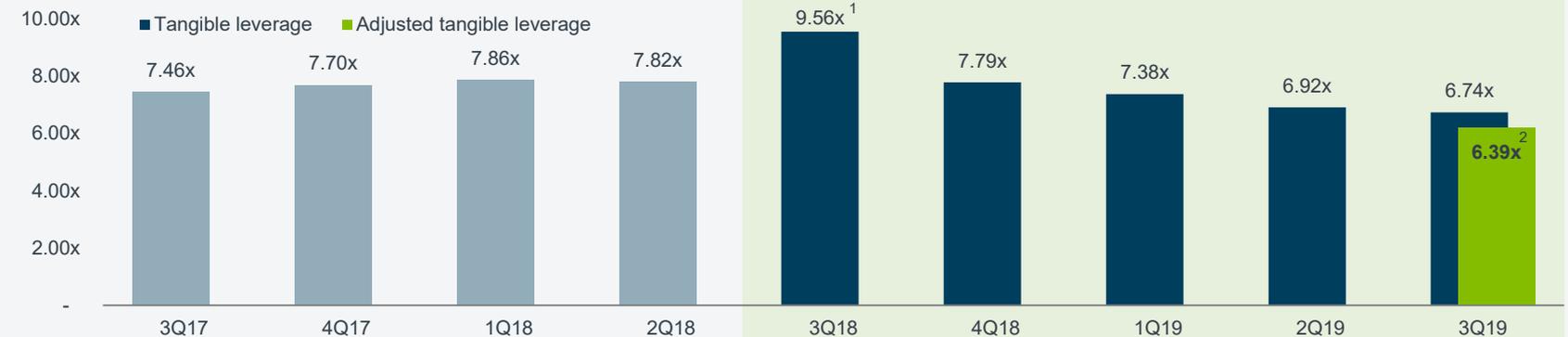
With increasing earnings and a rapidly deleveraging balance sheet, we are producing strong financial results

Return on equity



Transformation program

Tangible leverage



1. In Fall 2018, the Company, as part of its strategic plan, repositioned its non-core investment in 19th Capital and took an after-tax charge of \$360 million, reflected in its Q3 2018 financial statements. Concurrently, as part of its initiative to strengthen its balance sheet, the Company raised \$345 million of common equity, which was reflected in its Q4 2018 financial statements.
2. Adjusted tangible leverage reflects exclusion of the non-recourse warehouse credit facility, which exclusively funds pre-syndication assets for one large, rapidly growing client.

Business overview

We are focused on executing on three waves of opportunity

2019

2020

2021

2022

2023

Wave 1: Transformation

Wave 2: Syndication

Wave 3: Growth

Transformation overview

Wave one: Executing a client-centric transformation to create immediate and long-lasting value for shareholders

- The management team is executing a comprehensive transformation plan
- We have actioned \$102 million of annual run-rate pre-tax profit improvements as of Q3 2019, meeting our full-year target a quarter ahead of plan
- These actions are translating into results: we have delivered \$48 million of annual run-rate pre-tax profit improvement as of Q3 2019
- We are well along our client-centric path to generating value for all Element stakeholders

Our client-centric reset of the business is creating immediate value for shareholders



Transformation overview

Given our progress to date, we are increasing our transformation target to \$180M of profit improvements actioned by 2020



Annual run-rate pre-tax operating income improvement



Syndication overview

Wave two: we continue to strengthen and deleverage our balance sheet through syndication

Expanded use of syndication allows us to:

- 1.** Reduce tangible leverage ratio faster, enabling access to lower cost of capital
- 2.** Mitigate asset concentration created by one large, rapidly growing client
- 3.** Create another source of recurring, profitable revenue

Through syndication, we create broader access to lower-cost funding, reduce credit risk and generate a significant new stream of consistent, recurring revenue

Syndication overview

We are preparing to access the U.S. corporate debt market to further diversify our funding sources and lower our cost of capital

S&P has initiated coverage of Element with a BBB investment-grade credit rating, opening access to the U.S. unsecured corporate debt market

S&P: BBB

Stable Outlook

Fitch: BBB+

Stable Outlook

Two investment-grade ratings in the U.S. give us access to the unsecured corporate debt market

DBRS: BBB (high)

Stable Outlook

Kroll: A-

Stable Outlook

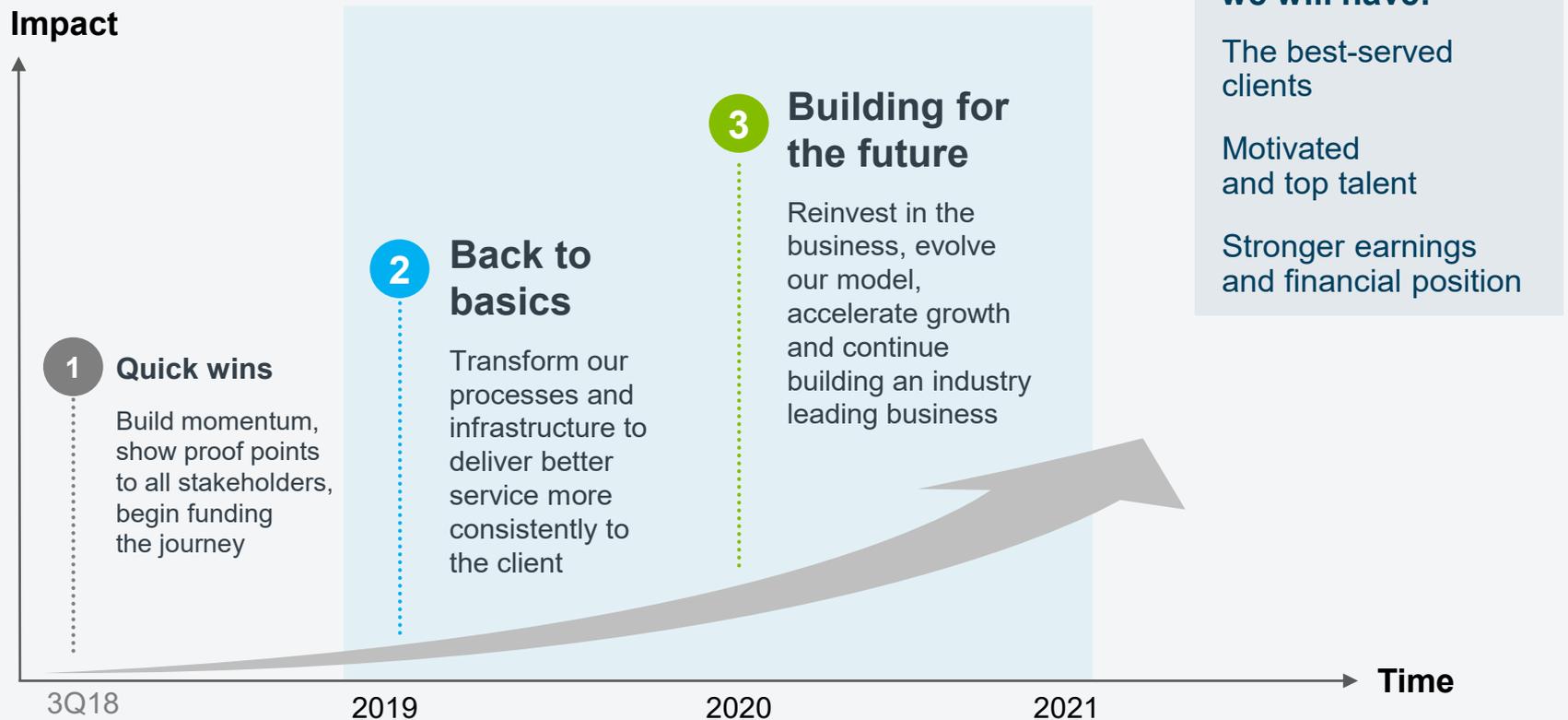
The market for U.S. corporate bonds is the most liquid and reliable source of debt capital in the world

Access to this market will allow us to:

- mature our capital structure,
- diversify our funding sources, and
- lower our overall cost of financing, strengthening our competitive advantage

Growth overview

Wave three: The next phase of our transformation is “building for the future” as we advance our pivot to growth



Growth overview

We are pivoting to growth ahead of schedule as transformation solidifies our foundation and we strengthen our balance sheet

We have completed a rigorous **deep dive into the growth prospects of our business** and have crafted a plan to drive low-risk, value-accretive growth in coming years



We believe we can position Element to achieve **annual revenue growth of 4-6%** beginning in 2020

Growth overview

We have properly sized and mapped the North American fleet market for the first time (1 of 2 slides)

Our growth strategy is the product of an intensive effort:

- We devoted **50 people** across our commercial, operations, finance and treasury groups to this project
- Our team had access to **the full breadth of resources of BCG** as well as **Polk**, a leader in information on the automotive industry
- We conducted **over 50 in-depth interviews** with clients, potential clients and industry experts
- This is **the first in-depth study** of the North American fleet market to our knowledge

Growth overview

We have properly sized and mapped the North American fleet market for the first time (2 of 2 slides)

Our growth strategy is a product of what we have learned:

- Fleet services and leasing is a **~C\$20 billion market across 16 segments** in the U.S. + Canada alone
- We currently address **~20%** but can grow to address **~30%** of this market
- **Six** means of growth:
 - Holding market share through improved client retention
 - Optimized sales processes and a compelling value proposition
 - Better managing client profitability
 - Leveraging our leadership position in the fast-growing Mexican market
 - Converting self-managed fleets in both the private and public sectors
 - Periodic additions of “mega fleets” like that of our large, rapidly growing client
- This amounts to **annual revenue growth of 4-6%** beginning in 2020

Next steps and impact

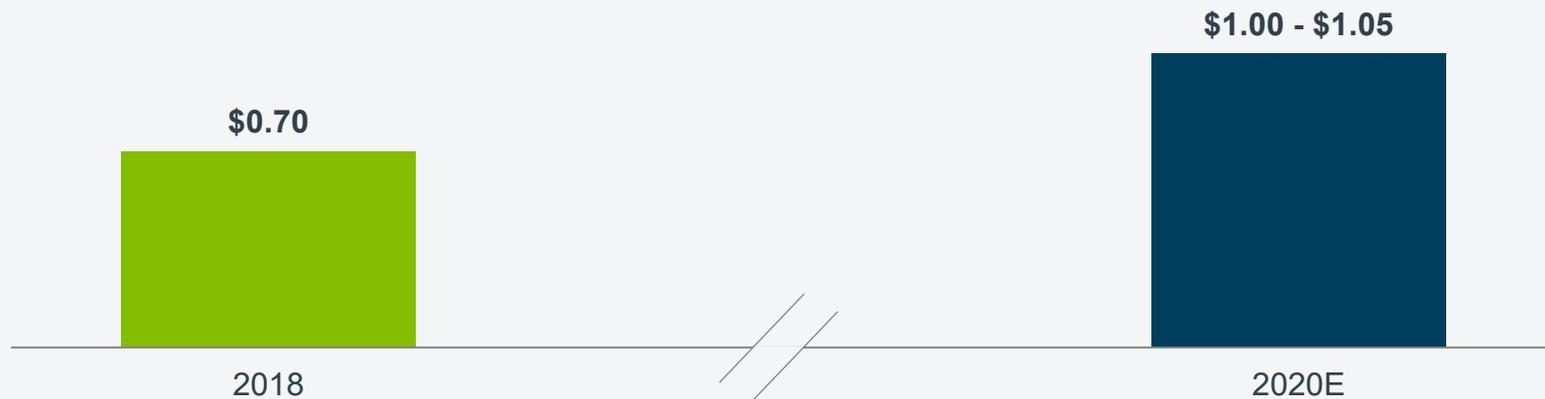
- 1.** We have created our blueprint for growth and continue to build out the capabilities required to successfully execute this ambitious plan
- 2.** We have identified quick-win opportunities to build momentum and confidence
- 3.** We have initiated a review of salesforce capabilities, support systems and compensation to ensure that all are aligned in supporting the achievement of the growth plans

You will see the first material top-line impact from our growth plan beginning in 2020

Business overview

We continue to expect to deliver consolidated after-tax adjusted operating income per share of \$1.00 to \$1.05 in 2020

Consolidated after-tax adjusted operating income per share



Note: 2020 estimates are on a currency neutral basis

We expect to deliver consolidated after-tax adjusted operating income per share of \$1.00 to \$1.05 in 2020

A global fleet leader

Element Fleet Management is a leading global fleet management company, providing world class services and financing of commercial vehicles to make our clients' fleets and their drivers **safer, smarter** and **more productive**.

Dominant market position in North America

Well diversified across clients (700+ industries), geographies, revenue and funding sources

Accountable management with proven ability to deliver shareholder value

Transformational reset is dramatically improving earnings and strengthening balance sheet

Reliable annual revenue growth of 4-6% beginning in 2020