



Q4-2017 Review & Financial Results

Element Fleet Management





Agenda

- FY 2017 and Q4 Highlights
- Operations Update
- Financial Review
- Summary



Dan Jauernig
Acting CEO

Customer Retention Update

- As previously indicated, attrition in Q4/2017 was higher than normal
- Customer satisfaction trends have been improving steadily since Q2/2017, a key leading indicator
- We continue to work with all our customers towards the highest possible service levels and complete satisfaction
- Key ongoing initiatives include:
 - Client priority action plans for all major functions and processes
 - Enhancing cross-functional collaboration and combing functions where appropriate
 - Reducing number of internal touchpoints to accelerate and streamline workflow
 - Reshaping telematics to scale the service and meet customer needs and growth projections
- Business trends support a return to normal retention rates at ~97% in 2018
- Key Business Process metrics are steadily improving and returning to historical levels

Driving Efficiencies in Core Fleet

Since our February corporate update we have effected a number of significant changes across the organization:

- Targeted headcount reductions in North America, Europe
- Hiring and merit increase freezes for 2018
- Select office closures and rationalization of business space
- Revisiting processes and procedures across the business to streamline operations
- Curtailed discretionary expenses across the organization
- Element will take an approximate \$40M restructuring charge in Q1/2018 reflecting severance, office closures, professional fees and related expenses
- Payments related to the charge will be made over the next two quarters

Cost cutting and process enhancement initiatives are expected to result in future annual run-rate savings of approx. \$20M

2017 Highlights

Core Fleet

- Achieved FY 2017 Core Fleet \$0.72, in line with previous guidance
- Strong originations of \$6.2B, up 3.3% from 2016 on a currency neutral basis
- Successfully penetrating ride and car-sharing services; “mobility as a service” economy
- Segmented and began divestment of non-core assets
- Completed US\$3.2B of ABS issuances
 - Programmatic issuer and largest in Fleet ABS market
- Rolled out the industry’s most capable and sophisticated fleet management technology

\$194M of capital returned to shareholders in 2017 through increased dividends and share buybacks

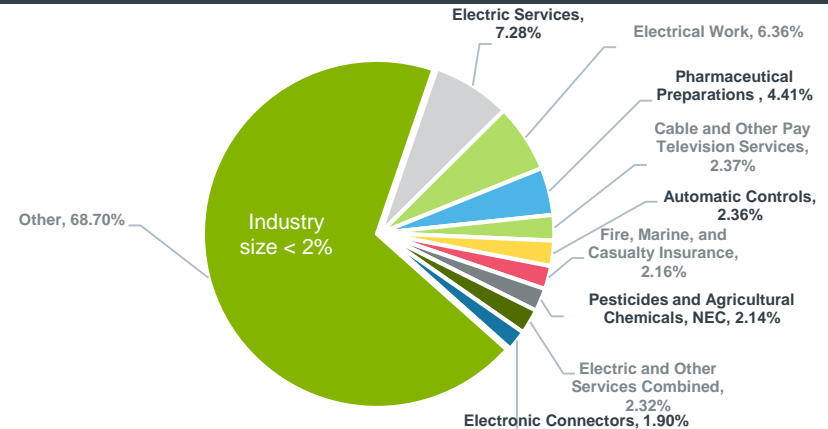
High Quality Diversified Portfolio

Core Fleet

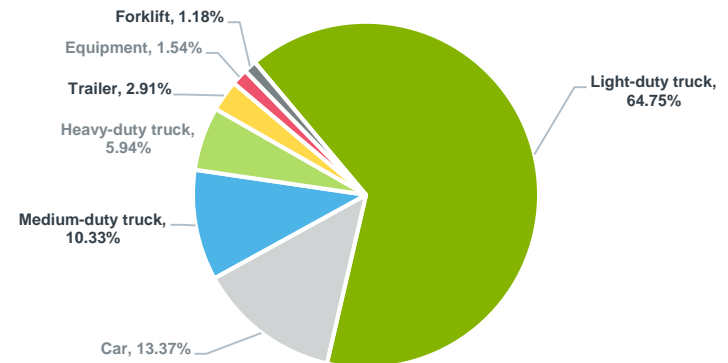
Lease Portfolio Characteristics

- \$14B in high quality finance receivables
- Diversified client base:
 - ~2,000 clients across five countries
 - Primarily investment grade customers
 - Largest customer is 3.7% of portfolio
 - Top 25 clients represent ~37% of portfolio
- No residual risk in NA (90%+ of portfolio)
- Strong vehicle profile

US Client Breakout by Industry Classification



Lease Distribution by Vehicle Type



Note: As of December 31, 2017 Aggregate Book Value of Leases. U.S. portfolio



Advantage/EZ

- National Car Rental Company
- AEZ Key Needs:
 - Reduce overall fleet costs
 - Increase rental utilization, reduce downtime
 - Simplify the accident process for clients
- 27,000 rental vehicles in accident safety program
- Successfully launched 4 locations, expect full deployment in May



Sample New Customer Wins



- International pool construction and service company
- Element providing Fuel, Managed Maintenance, Accident Services, Telematics, and Forklift management
- Launched Q1/2018 with ~2,500 vehicles with upside up to 4,000 units



Universal | Hospital | Services®



- Hospital management, including equipment and supply and delivery services
- Element delivering Lease, Fuel, Managed Maintenance, Accident Services, and Telematics Reduces cost and minimizes downtime
- Launched Q1/2018 with ~1,000 vehicles

Customer Satisfaction

Recognized for Customer Service



- Element was named a Supplier of the Year by Axalta, a paint and coating manufacturer
- Recognizes quality of products and services to Axalta customers worldwide
- Reflects Element's ability to meet criteria for quality, service, technology and value, and to meet Axalta's compliance and sustainability requirements

"Congratulations to Element and all of our 2017 Supplier of the Year award winners who are being recognized for their contributions to Axalta and for being great business partners. Having suppliers who understand us and know our priorities has been extremely important to our success and positions us well for continued strong performance."

-Charles Shaver, Axalta Chairman and CEO.

Non-Core Assets

19th Capital Update

- 19th Capital is implementing a strategic plan aimed at improving utilization rates and returning the JV to profitability under new management
- There remains a large and receptive market for 19th Capital's services but they need to optimize the fleet and focus on corporate fleet customers vs. traditional owner-operators
- Q4 operating loss was \$14.1M. Our share of losses on the disposition of certain assets in the JV was \$17.8M, net of the remaining reserve established in Q2. Also in Q4/2017, we established a provision for impairment of \$29.0M against our investment
- Includes a writedown of all remaining trucks in the portfolio of 2013 vintage or earlier, and a reclass of all remaining MaxxFleet trucks to Held for Sale regardless of current leasing status
- Since January 2017 we have reduced the number of trucks in the portfolio by more than 2,000 units
- This will allow us to move forward with a more leasable fleet over time, benefiting utilization rates and maintenance expense



19th Capital

Multifaceted Transformation Strategy

Redefining Target Market

- Growing corporate fleet customers and reduce reliance on individual owner-operators
- Better cash flow profile, lower turnover

Fleet Optimization

- Disposing of and trading in older trucks

Maintenance

- Bringing maintenance functions in-house to improve cost, frequency and quality of work
- Turn around vehicles more quickly for leasing

Telematics

- Installing telematics, GPS tracking and maintenance warning will increase efficiency and decrease operating costs over time
- ELD compliance

Insurance

- Lower-cost insurance for drivers through private label program vs. legacy program

IT

- Installing new IT infrastructure for improved fleet management and optimization, and financial reporting

Mid-to-long term objective: restore profitability and ultimately surface value from the portfolio to fund return of capital to Element shareholders

A nighttime cityscape viewed from the driver's perspective inside a car. The car's side mirror and window frame are visible in the foreground. The city lights are reflected in the water of a river or bay in the distance.

Samir Zabaneh

CFO

Review of Financial Results

Adjusted Earnings Per Share

Adjusted Basic EPS

	Q4 2016	Q3 2017	Q4 2017	FY 2016	FY 2017
Fleet Management	\$0.15	\$0.18	\$0.18	\$0.74	\$0.72
Non-core assets	\$0.08	\$0.03	\$0.01	\$0.25	\$0.14
Total	\$0.24	\$0.21	\$0.19	\$1.00	\$0.86

Adjusted Basic EPS (constant currency)

	Q4 2016	Q2 2017	Q3 2017	FY 2016	FY 2017
Fleet Management	\$0.15	\$0.18	\$0.18	\$0.73	\$0.72
Non-core assets	\$0.08	\$0.03	\$0.01	\$0.25	\$0.14
Total	\$0.23	\$0.21	\$0.19	\$0.99	\$0.86

Key Operating Metrics

As of and for the three months ended Dec. 31, 2017

In millions, except per share amounts and where otherwise noted

	Core Fleet Management	Non-Core Assets	Total
Average earning assets	\$12,331.0	\$1,000.9	\$13,332.0
Average interim funding	\$632.7	-	\$632.7
Average funded assets	\$12,963.8	\$1,000.9	\$13,964.7
Net revenue	\$221.3	\$8.5	\$229.8
Adjusted operating expenses	\$125.9	\$1.3	\$127.1
After-tax adjusted operating income	\$79.4	\$2.7	\$82.1
After-tax adjusted operating income (to common shareholders)	\$68.3	\$2.7	\$71.0
After-tax adjusted operating income per common share	\$0.18	\$0.01	\$0.19

Core Fleet Management Net Revenue

Net Revenue Summary

In millions, except per share amounts and where otherwise noted

Net Revenue	Q4 2016	Q3 2017	Q4 2017	FY 2016	FY 2017
Service and other revenue	\$123.0	\$134.9	\$141.0	\$535.4	\$547.7
Net interest and rental revenue	\$74.8	\$84.2	\$80.3	\$338.3	\$329.1
Total net revenue	\$197.8	\$219.1	\$221.3	\$873.7	\$876.8

Net Revenue Summary (Constant Currency)

Net Revenue	Q4 2016	Q3 2017	Q4 2017	FY 2016	FY 2017
Service and other revenue	\$118.0	\$135.9	\$141.0	\$527.3	\$547.7
Net interest and rental revenue	\$71.8	\$84.6	\$80.3	\$332.4	\$329.1
Total net revenue	\$189.8	\$220.5	\$221.3	\$859.7	\$876.8

Core Fleet Management Net Revenue

Yield to Average Earning Assets

In millions, except per share amounts and where otherwise noted

Net Revenue	Q4 2016	Q3 2017	Q4 2017	FY 2016	FY 2017
Net interest and rental revenue	\$74.8	\$84.2	\$80.3	\$338.3	\$329.1
Average earning assets	\$12,938.1	\$12,130.8	\$12,331.0	\$12,867.1	\$12,349.5
Net interest and rental revenue margin	2.32%	2.77%	2.61%	2.64%	2.66%

Yield to Average Earning Assets (Constant Currency)

Net Revenue	Q4 2016	Q3 2017	Q4 2017	FY 2016	FY 2017
Net interest and rental revenue	\$71.8	\$84.6	\$80.3	\$332.4	\$329.1
Average earning assets	\$12,404.2	\$12,247.4	\$12,331.0	\$12,599.5	\$12,349.5
Net interest and rental revenue margin	2.32%	2.76%	2.61%	2.64%	2.66%

Consolidated Adjusted Operating Expenses

In millions, except per share amounts and where otherwise noted

Category	Q4 2016	Q3 2017	Q4 2017	FY 2016	FY 2017
Salaries, wages and benefits	\$72.2	\$80.8	\$83.8	\$294.4	\$318.9
General and administrative expenses	\$39.7	\$35.1	\$38.7	\$167.0	\$150.6
Depreciation and Amortization	\$1.8	\$3.9	\$4.6	\$11.1	\$16.0
Total adjusted operating expenses	\$113.6	\$119.8	\$127.1	\$472.5	\$485.4
% of net revenue	48.6%	50.7%	55.3%	47.3%	51.0%

Non-Core Assets Net Revenue

Net Revenue Summary

Net Revenue (in \$mil)	Q4 2016	Q3 2017	Q4 2017	YTD 2016	YTD 2017
Service and other revenue	\$17.2	\$6.2	\$0.6	\$40.1	\$36.0
Net interest and rental revenue	\$18.5	\$11.0	\$7.9	\$84.6	\$39.2
Total net revenue	\$35.8	\$17.2	\$8.5	\$124.7	\$75.2

Yield to Average Earning Assets

Yields to Average Earning Assets (in \$mil, except %)	Q4 2016	Q3 2017	Q4 2017	YTD 2016	YTD 2017
Net interest and rental revenue	\$18.5	\$11.0	\$7.9	\$84.6	\$39.2
Average earning assets	\$1,118.3	\$1,143.5	\$1,000.9	\$1,239.3	\$1,129.4
Net interest and rental revenue margin	6.64%	3.86%	3.16%	6.83%	3.47%

Non-Core Assets

Total Assets

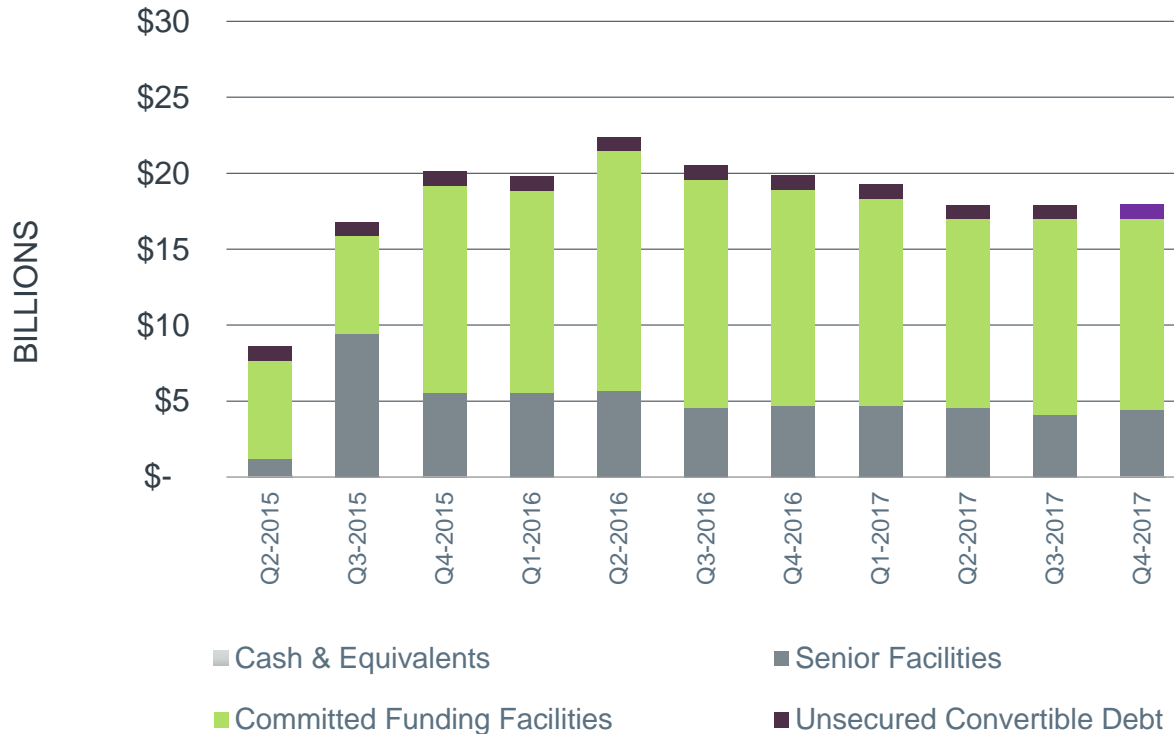
In millions

Category	Description	Sept. 30, 2017	Dec. 31, 2017
19 th Capital Group LLC	Senior term loans (A&B) and revolver equipment loan	\$777.2	\$775.7
19 th Capital Group LLC	Equity ownership (49.99%)	\$69.0	\$10.0
ECAF I Holding Ltd	32.5% interest in ECAF Holdings Ltd., an indirect owner of ECAF I Ltd., an issuer of rated pooled-aircraft ABS	\$122.3	\$122.3
New Zealand Equipment Finance Portfolio	Portfolio of various vehicles and equipment	\$29.7	\$17.4
Heavy Duty Truck Portfolio	Portfolio of Class 8 tractors and trailers in the U.S.	\$65.8	\$58.8
Total		\$1,064.0	\$984.2

Non-core assets represent 6% of total assets

Treasury Update

Balance Sheet Capacity to Fund Planned Growth



Committed facilities (available & outstanding) of \$17.9B as of December 31, 2017

At December 31, 2017, Element had \$4.7B in available financing to fund ongoing originations

Committed facilities are supplemented by access to the Term ABS market

Debt maturities match to asset run off with repayment schedule mirroring expected debt repayments, with the exception of the convertible debt



Dan Jauernig
Acting CEO

Summary

Focused on Operations

- Focused on improved execution in 2018
- We are winning new business, streamlining processes and cutting costs
- We will look to return capital opportunistically as we generate excess capital
- We continue to expect core fleet adjusted operating income within 3% to 5% of 2017 results (constant currency basis)
- Setting foundation for mid-to-high single digit EPS growth beginning in 2020



QUESTIONS





Appendix



Historical Segmented Financial Information ⁽¹⁾

In millions, except per share amounts and where otherwise noted

FLEET MANAGEMENT	Q1, 2016	Q2, 2016	Q3, 2016	Q4, 2016	Q1, 2017	Q2, 2017	Q3, 2017	Q4, 2017
Service and other revenue	\$134.3	\$135.4	\$142.8	\$123.0	\$128.4	\$143.4	\$134.9	\$141.0
Net interest and rental revenue	\$92.9	\$87.1	\$83.4	\$74.8	\$83.6	\$81.0	\$84.2	\$80.3
Net revenue	\$227.2	\$222.5	\$226.2	\$197.8	\$212.0	\$224.4	\$219.1	\$221.3
Adjusted operating expense	\$122.5	\$113.7	\$117.2	\$110.9	\$113.9	\$121.5	\$118.4	\$125.9
Adjusted operating income	\$104.7	\$108.8	\$109.0	\$86.9	\$98.1	\$102.9	\$100.7	\$95.4

NON-CORE	Q1, 2016	Q2, 2016	Q3, 2016	Q4, 2016	Q1, 2017	Q2, 2017	Q3, 2017	Q4, 2017
Service and other revenue	\$15.9	\$6.6	\$0.4	\$17.2	\$19.1	\$10.2	\$6.2	\$0.6
Net interest and rental revenue	\$26.8	\$20.3	\$19.0	\$18.5	\$7.3	\$12.9	\$11.0	\$7.9
Net revenue	\$42.7	\$26.9	\$19.4	\$35.7	\$26.4	\$23.1	\$17.2	\$8.5
Adjusted operating expense	\$1.9	\$1.8	\$1.9	\$2.7	\$1.4	\$1.6	\$1.4	\$1.3
Adjusted operating income	\$40.8	\$25.1	\$17.5	\$33.0	\$25.0	\$21.5	\$15.8	\$7.2

(1) From continuing operations

Fleet Management Revenue Mix

60%+ Recurring Service Revenue

% of Net Revenue	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Service and other revenue	62.2%	60.6%	63.9%	61.6%	63.7%
Net interest and rental revenue	37.8%	39.4%	36.1%	38.4%	36.3%

We expect service-related revenues to comprise a majority of cash flows over time and to grow at a faster rate than net interest and rental revenue