



MAKING CAPITAL WORK



ELEMENT – GE CAPITAL
FLEET TRANSACTION

JUNE 29, 2015

Important Notice



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Transaction Overview

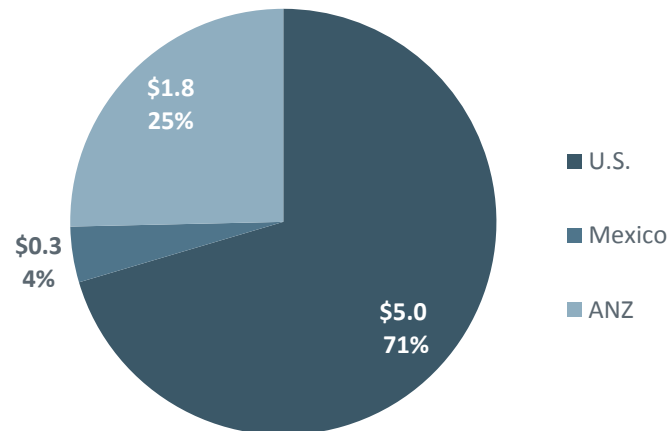
- Element Financial has announced the acquisition of GE Capital’s Fleet Operations in the United States & Mexico and Australia & New Zealand (“GE Fleet”) for C\$8.6 billion
- In a related transaction, the sale of GE Capital’s European fleet portfolio to BNP Paribas / Arval strengthens Element’s global fleet management alliance
- Element has been GE’s North American Fleet partner for ~2 years after Element acquired GE Fleet Canada

Operating Regions being Acquired by Element	<ul style="list-style-type: none"> • North America: U.S. and Mexico • Australia and New Zealand (“ANZ”)
Transaction Value	<ul style="list-style-type: none"> • C\$8.6 billion (including working capital, premium and transaction expenses)
Accretion	<ul style="list-style-type: none"> • ~20% accretion to annual EPS based on fully annualized synergies in the range of US\$90-US\$95 million
ROE	<ul style="list-style-type: none"> • Annualized ROE expected to reach ~13% by Q4 2016 based on fully annualized synergies in the range of US\$90-US\$95 million
Leverage	<ul style="list-style-type: none"> • Tangible Leverage of 4.3:1 pro-forma (3.9:1 as of Q1 2015) pursuant to bank covenant and approximately 5.3:1 according to other market convention
Financing	<ul style="list-style-type: none"> • Required equity and equity-linked capital of C\$2.7 billion raised in May 2015 • Senior line increased from US\$2.0 billion to US\$8.5 billion
Credit Rating	<ul style="list-style-type: none"> • Kroll affirms BBB+ rating (stable outlook)
Pro-Forma Assets	<ul style="list-style-type: none"> • Element’s fleet net earning assets to increase to over C\$13 billion; total assets to increase to over C\$21 billion
Timing	<ul style="list-style-type: none"> • North America expected closing end of Q3 2015; ANZ expected closing Q4 2015

GE Capital Fleet Overview

- GE Fleet provides commercial car and truck financing, and fleet management services
 - Established in 1987 and based in Eden Prairie, Minnesota
- Core and highly profitable business, but identified as part of GE “pivot” strategy announced on April 10, 2015
- ~740,000 managed vehicles in total (~580,000 excluding Europe)
 - North America: ~480,000
 - ANZ: ~100,000
 - Europe: ~160,000
- GE Fleet’s European business to be sold to BNP Paribas (Arval partner)

Net Earning Assets being Acquired (C\$7.1 billion)



(1) 50% of Mexican customers are U.S. multinational companies

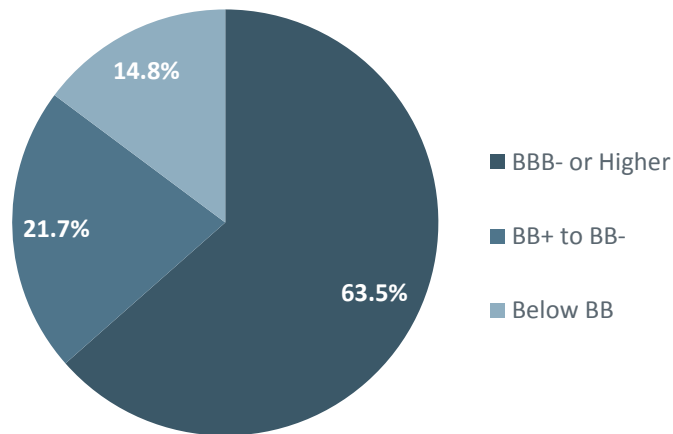
GE Fleet U.S. Overview

Key Metric	Element Fleet Management	GE Capital Fleet Services US
Total Net Earning Assets	C\$6.0 billion	C\$5.0 billion
# of Managed Vehicles	~420k	~450k
% Investment Grade	63.5%	62.1%
Historical Losses	< 0.10%	< 0.10%
Service Revenue as % of Net Revenue	45%	35%

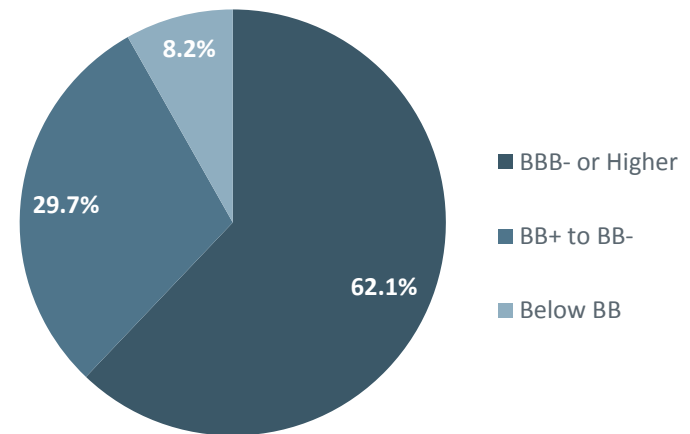
GE Fleet U.S. Overview

- The GE Fleet portfolio ratings reflect a very close correlation to that of the current Element Fleet portfolio
- GE Fleet's portfolio distribution comprises 62.1% of accounts with public investment grade ratings (BBB- or higher), as compared to 63.5% for Element Fleet

Existing Element Fleet U.S.



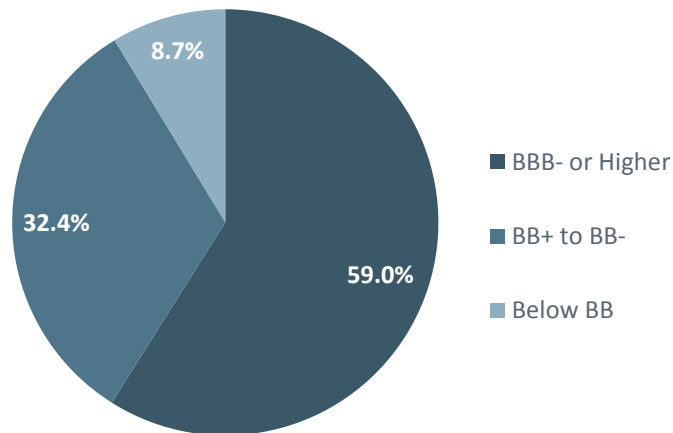
GE Fleet U.S.



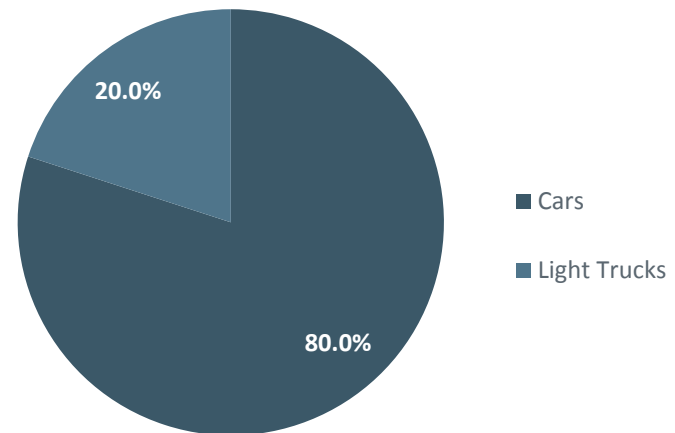
GE Fleet Mexico Overview

- 59% investment grade credit with 50% of customers multi-national corporations
- Asset concentration closely mirrors the U.S. portfolio, predominantly cars and light trucks
- Risk processes closely aligned with the U.S.
- Actual credit losses have been negligible
- The GE Fleet Mexico portfolio has net earnings assets of approximately US\$300 million
- Strong Know your Client and Anti Money Laundering procedures

GE Fleet Mexico Portfolio Rating



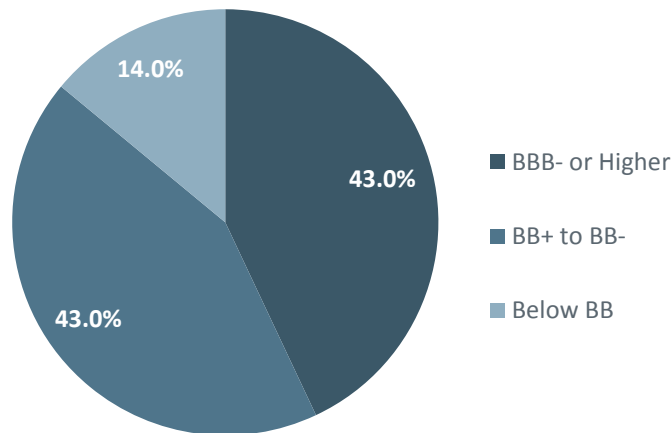
GE Fleet Mexico By Asset Class



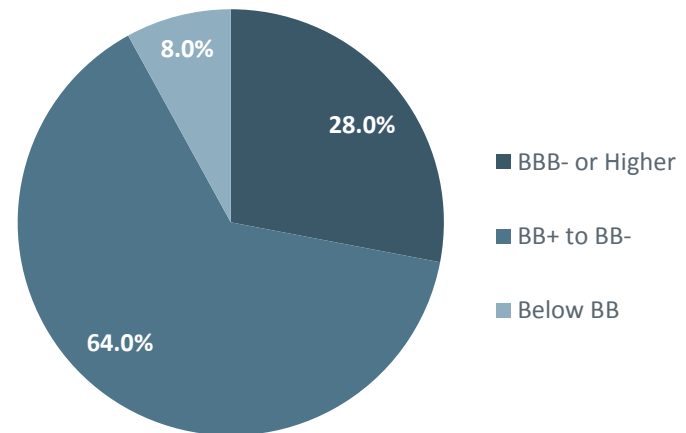
GE Fleet ANZ Overview

- The GE Fleet portfolio in Australia and New Zealand has net earnings assets of approximately C\$895 million in Australia and C\$860 million in New Zealand
- Risk processes closely aligned with the U.S.
- Actual credit losses have been negligible
- Novated leases have been offered in Australia as a benefit to employees for over 20 years as part of their remuneration packages (1)

GE Fleet Australia Portfolio Rating



GE Fleet New Zealand Portfolio Rating








(1) Three way agreement between the employee, employer and an external leasing company; employer agrees to meet the financial obligations of the lease on behalf of the employee and recovers the cost of doing so from the employee's remuneration package; provides tax benefits to the employee through financing the vehicle out of a combination of pre-tax and post-tax salary



ANZ Fleet Market Overview

- There are approximately 15 fleet leasing companies in ANZ, many of which have global operations
- Similar to North America, the top 5 companies represent the majority of the market
- Element is acquiring the largest fleet operation in ANZ, thereby creating significant strategic opportunities
- The ANZ environment supports stable operations and banks do not directly participate in the sector

Australia Fleet Market Ranking

Rank	Company	Vehicles Managed
1	 GE Capital Fleet Services	~100,000
2	 sgfleet	~84,000
3	 eclipx GROUP	~80,000
4	 LeasePlan	~80,000
5	 TOYOTA FINANCIAL SERVICES	~80,000

Australia Fleet Public Market Activity

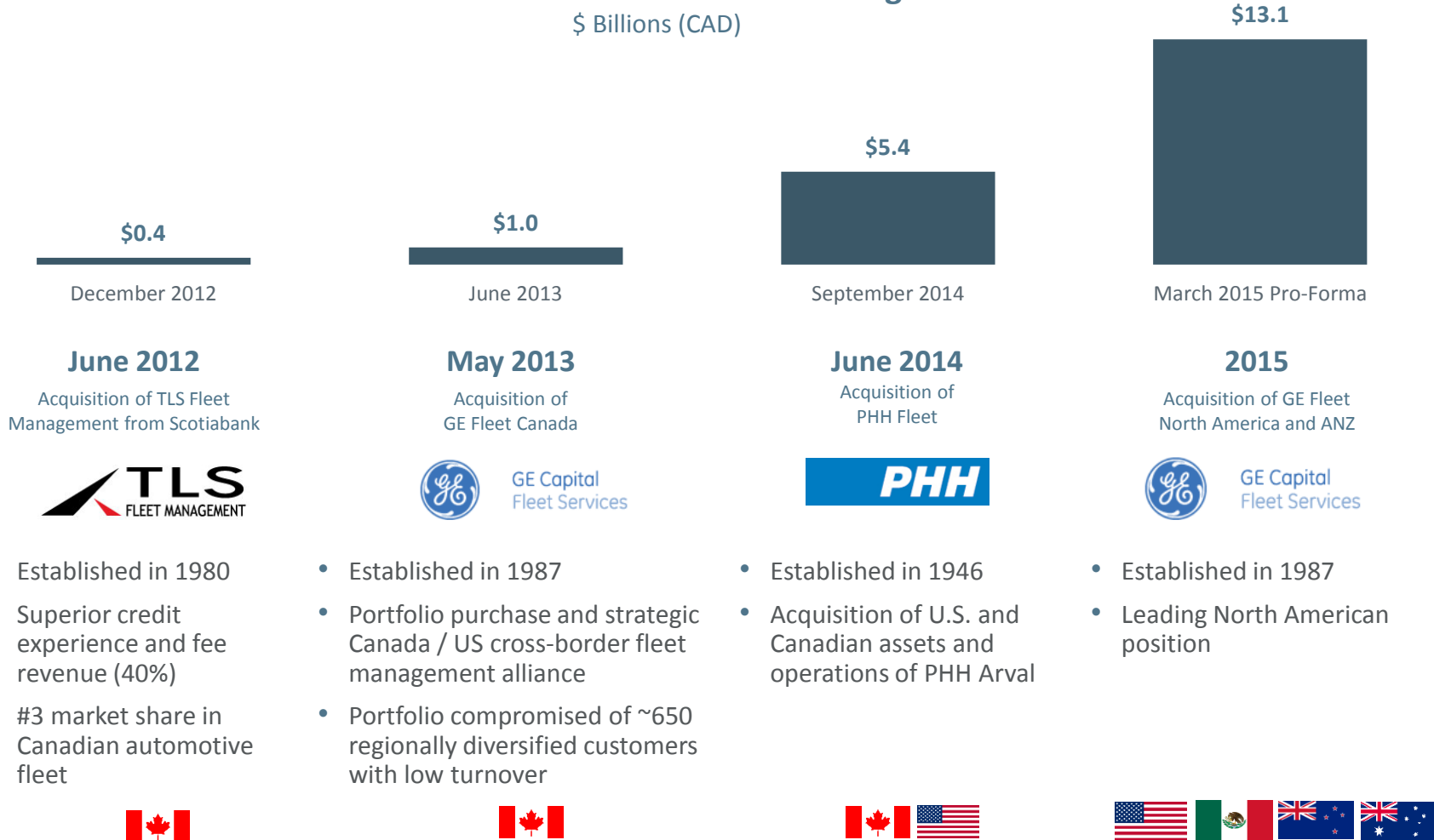
Company	Market Cap ⁽¹⁾	Premium to Net Earning Assets	Advance Rate
 eclipx GROUP	C\$645mm	40%+	95%-100%
 sgfleet	C\$595mm	nmf.	95%-100%

(1) Converted from AUD to CAD at 0.94

Element's Fleet Business Consolidation

Cumulative Growth in Fleet Net Earning Assets

\$ Billions (CAD)

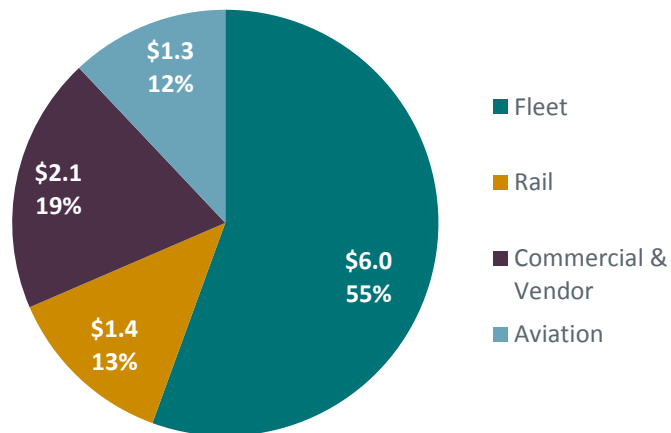


Attractive Net Earning Assets Profile

- Fleet to comprise 73% of Element's total pro-forma net earning assets
- Element will become the largest fleet company in North America
- Fleet and Rail to comprise over 80% of total pro-forma net earning assets

Element Net Earning Assets

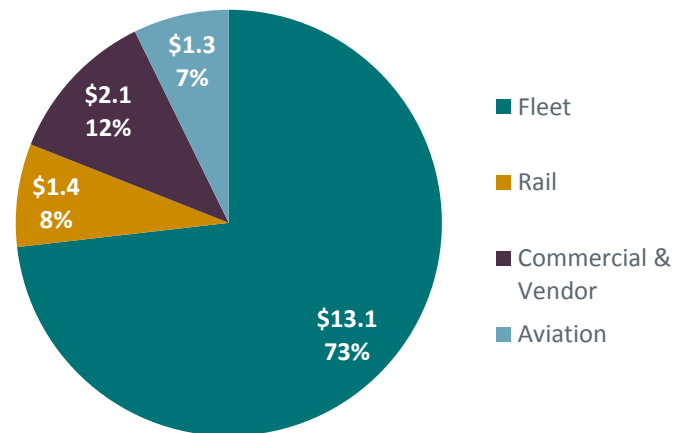
(as of March 31, 2015)



C\$10.8 billion

Pro-Forma Element Net Earning Assets

(as of March 31, 2015)

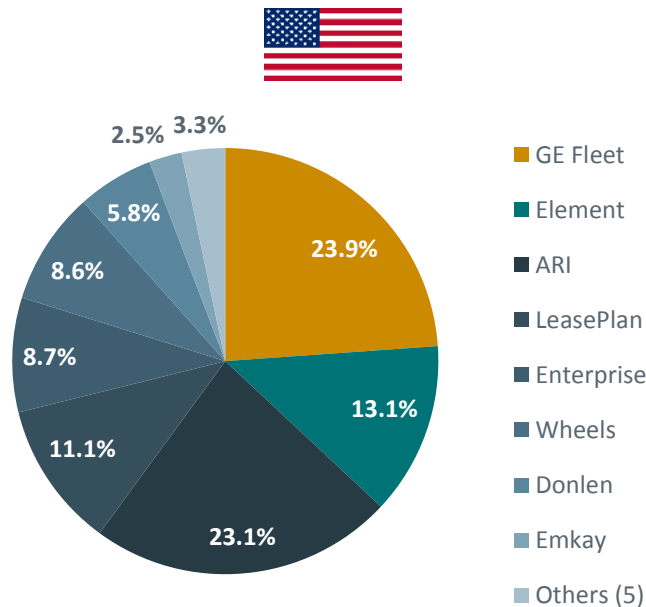


C\$17.9 billion

Creating the Leading North American Fleet Company

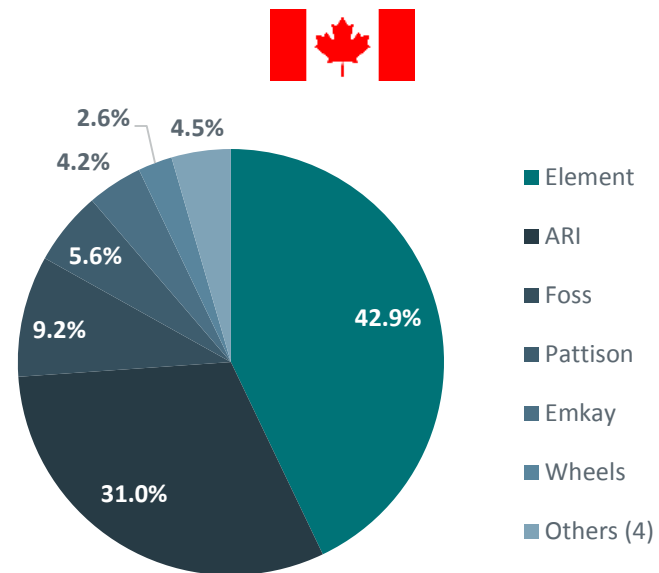
- Element is continuing its strategy of consolidating the North American fleet leasing and services industry

Leading U.S. Fleet Lessors Market Share ⁽¹⁾



Source: Automotive Fleet, 49th Fact Book

Leading Canadian Fleet Lessors Market Share ⁽¹⁾



Source: Automotive Fleet, 2015 Fact Book

(1) Converted from AUD to CAD at 0.94

Improved Balance Sheet Strength

- Element's senior credit facility has been increased from US\$2.0 billion to US\$8.5 billion through a syndicate of Canadian and international banks
 - Extended for a three-year term from the date of closing the acquisition
 - Fleet advance rate increased from 90% to 92%, reflecting the high quality of the underlying assets
 - Immediate 20bps reduction in funding costs
 - Further reduction in funding costs upon Element securing a second credit rating
 - Covenant pattern improved reflecting strengthening investment grade credit
 - Senior credit facility will be reduced with more cost effective financing over the next 9-12 months
- Kroll affirms BBB+ rating (stable outlook)
 - Views the transaction as credit positive
- Balance sheet supports further industry consolidation at the appropriate time

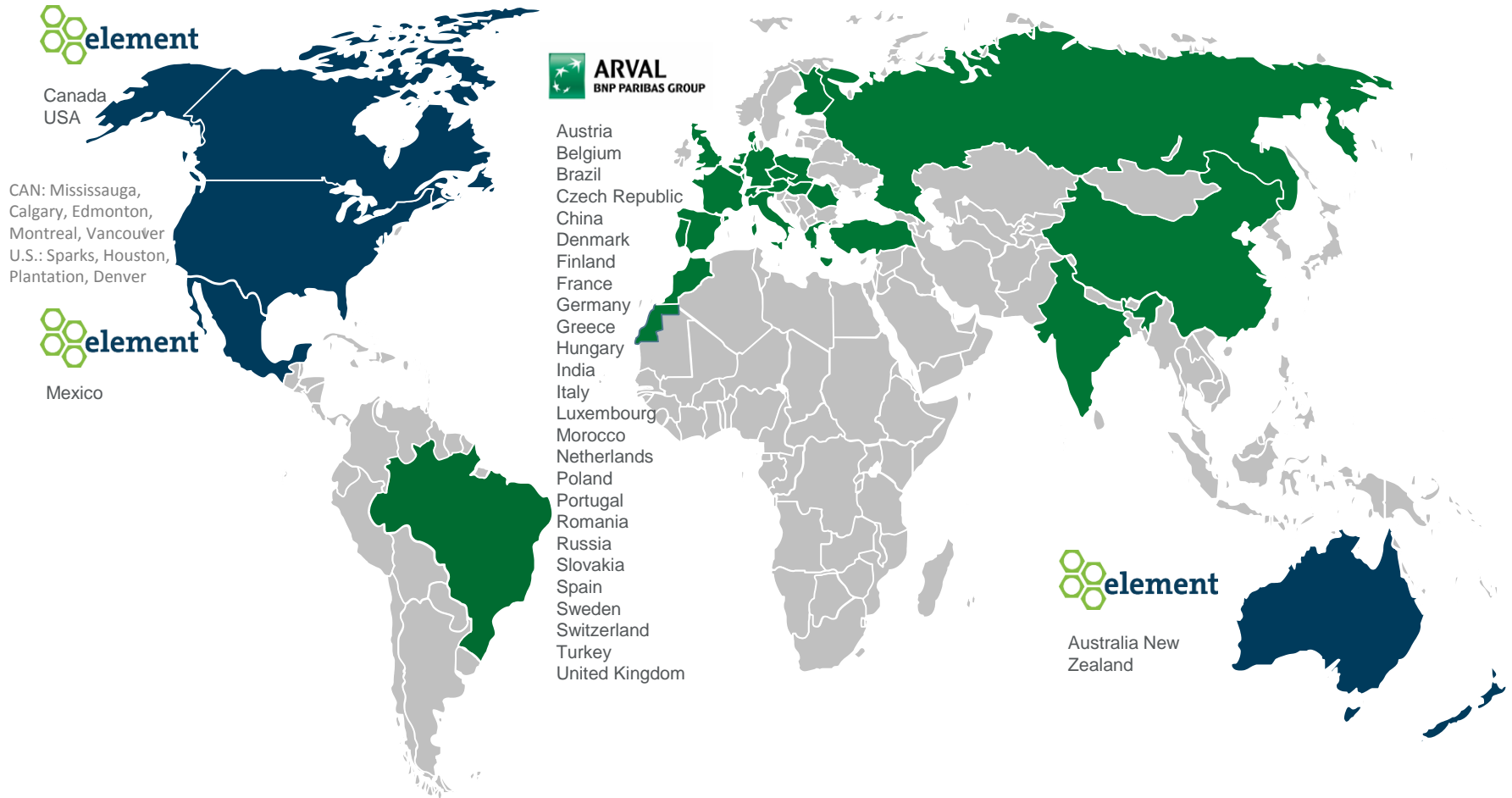
Realizable Synergies

- Realizable annualized synergies in the range of US\$90-US\$95 million
 - Integration expected to be completed by Q1 2017
- 20% annual accretion; 16% reflected in 2016 and the remainder in early 2017
- **Revenue increases:** leveraging increased scale and volume in Maintenance, Vehicle Accident Services, Fuel, Remarketing and Vehicle Acquisition and Upfitting
 - Service fees from existing single point-of-contact customer service program and new business pricing discipline
- **Expense reductions:** combining systems and operations-enabling functions to leverage a single best-in-class North American infrastructure
 - North American head office and facilities consolidation
 - Risk, legal, technology and finance consolidation
 - Improved cost of funds

Integration

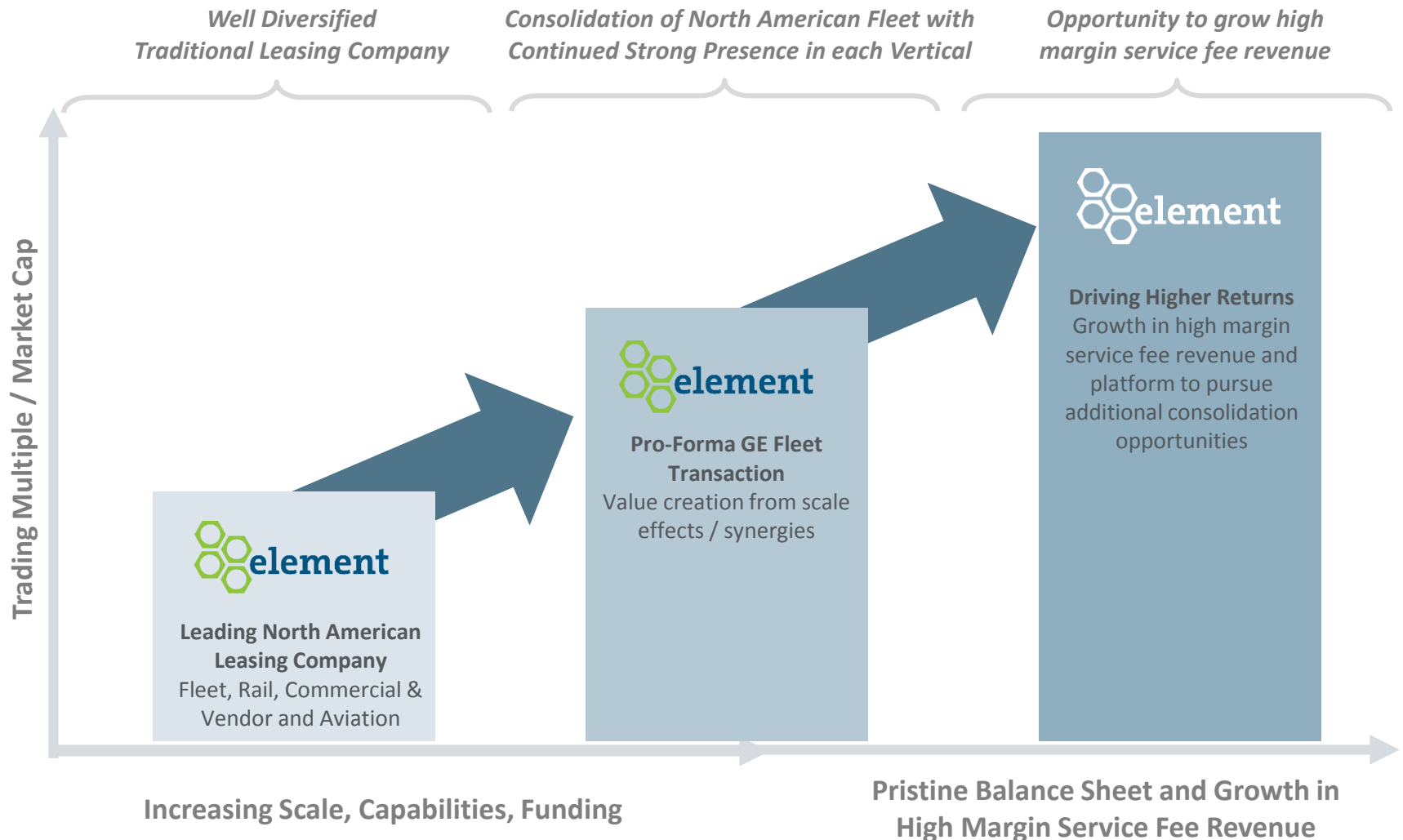
- Business to be continued under formal Transitional Services Agreement with GE, similar in breadth and performance to previous transactions
- Formal integration plan is well underway, and will be ready for execution by closing
- Oversight by Credit Committee, Risk Committee and Board of Directors
- Quarterly status reporting (report card to investors)
- Expert 3rd parties to be utilized
- Realizable annualized synergies in the range of US\$90-US\$95 million
 - C\$25 million realized on integrating of PHH Canadian operations
 - Larger combined technology footprint
 - Larger integration opportunities in U.S. as book is ~4x the PHH Canadian book
 - Savings from cost reductions, efficiencies and procurement savings
 - To be realized over an estimated 12 month period
- Valuable experience acquired from the PHH integration and prior GE Canada integration
- Areas of focus:
 - Consolidation of technologies
 - Merging of offices
 - Consolidate operating structure and management
 - Procurement opportunities

Leveraging Global Capabilities Post Transaction



On closing of the two transactions, the Element-Arval Global Fleet Alliance will be capable of managing customer fleets in more than 40 countries

Opportunity for Further Value Creation



Transaction Benefits

- An acquisition in Element's preferred vertical – Fleet
 - Element will become one of the largest fleet companies in North America
 - Low risk business (92% advance rate from banking syndicate and 96% advance rate from ABS market reflects high asset quality and stable business)
- High quality assets being acquired
 - Consistent with credit quality and asset type of existing Element Fleet business
- Attractive financial metrics
 - Highly accretive to after-tax EPS driven by synergies potential
- Financed with a view to industry consolidation
 - Capital markets raise (C\$2.7 billion) and bank funding commitment (US\$8.5 billion)
 - Kroll affirms BBB+ credit rating with stable outlook; credit positive transaction
- Strategic Opportunity
 - Acquiring a leading fleet business in ANZ
- Leverages management expertise
 - Capitalizes on Element's favourable track-record of successfully integrating large acquisitions
- Expanded and enhanced service offering will deliver incremental cost savings for Element's fleet customers

Questions

