



# News Release

## **Element Provides Corporate Update, Announces CEO Succession and Financial Outlook**

- Dan Jauernig to become acting CEO; Bradley Nullmeyer to retire
- 2017 core fleet operating results in line with prior guidance
- 2018 outlook and future growth expectations provided
- Strong fundamentals and cash flow to fund growth, return of capital

**TORONTO, Ontario, Feb. 5, 2018** - Element Fleet Management Corp. (TSX:EFN) (“Element” or the “Company”), the largest publicly traded fleet management company in North America, today provided an update regarding its strategic priorities, earnings outlook and leadership.

Since 2012, Element has completed a number of significant transactions that have created an industry-leading fleet management platform, with compelling new services for customers, and delivered sustained innovation and growth. More recently, the Company has invested in, developed and made available to its customers the fleet management industry’s most advanced technology platform. This undertaking has taken longer than was originally expected and involved integration challenges. This has led to a temporarily higher cost structure and a revenue growth trajectory below the Company’s long-term potential.

The Company has recently announced significant customer wins that demonstrate the underlying strength of its strategy, such as the agreement to provide maintenance and accident services for the fast-growing Maven car-sharing service of General Motors Corp., and based on its current pipeline Element is optimistic about the outlook for more rapid customer adoption in coming years.

Based upon consultation with several of our largest shareholders and with assistance of advisers, Element explored a broad spectrum of alternatives over the past year, including capital structure optimization and a sale of the Company. That review is complete, and the Company has determined that the best way to create long-term value for all stakeholders is to continue to execute on its strategy and remain focused on its customers, efficiency and the effectiveness of its operations.

### **CEO Succession**

After more than five years with Element in which he oversaw the creation and rapid growth of Element’s industry-leading platform, Bradley Nullmeyer will be retiring from his positions as Chief Executive Officer and Director, effective immediately. The Board of Directors is conducting a CEO search that will include the consideration of external and internal candidates. President and Chief Operating Officer Dan Jauernig has been appointed acting Chief Executive Officer.

“On behalf of the Board, I want to thank Brad for his dedicated service to Element,” said The Hon. Brian Tobin, P.C., O.C., Chairman of the Board of Directors. “Brad led the Company through significant change and growth, while assembling a management team that is ready to lead Element through its next chapter of growth. We are pleased that Brad will remain available to assist the Company and we wish him the very best in his retirement.”

Bradley Nullmeyer stated: “I am proud of our collective efforts in building the world’s leading fleet management Company. With much of the heavy lifting associated with Element’s rapid change behind us, now is the time to step back to enable the Company to choose an operations-focused leader to drive the next stage of the Company’s growth. Dan Jauernig has the right skills and experience to assume this role and I have committed to be available to ensure a smooth transition.”

Dan Jauernig has more than 25 years of experience in financial services. He joined Element as Executive Vice President in November of 2014 and was subsequently promoted to President and Chief Operating Officer. He joined Element from his previous role as President & CEO of Classified Ventures / Cars.com (now Cars.com Inc. (NYSE:CARS)), a leading provider of online automotive research, reviews and

advertising in the U.S., where under his leadership the company's revenue grew nearly 20-fold. Earlier in his career, Mr. Jauernig served as Chief Financial Officer of Newcourt Credit Group and President of Newcourt Services. A cross-border professional, Mr. Jauernig holds the Chartered Professional Accountant, Certified Management Accountant and Certified Public Accountant (Illinois) designations. He currently serves as chair of the Risk Committee of the Board of Directors of HomeEquity Bank and as a director on Torstar Corp.'s Board of Directors.

## **Operations and Efficiency**

"After numerous acquisitions and related integrations, a corporate split, and a review of options for the Company, it's time to turn all our attention to streamlining processes, driving efficiency and ensuring excellence in our operations and customer service," said Dan Jauernig. "The Board and I recognize that the rapid pace of change and growth has not been easy for a number of stakeholders, and the integration process has created challenges for some of our valued customers. I look forward to working with the many talented and dedicated individuals across our Company as we put our 100% focus on our customers and exceptional execution."

The Company is now focused on optimizing the customer experience. Element is also taking actions to align expenses to revenue growth. These actions will reduce the Company's expense structure and run rate while maintaining investment in innovation and customer service.

## **Financial Outlook**

Element provides the following update to its financial outlook:

- We expect our 2017 operating results in the core fleet business to be in line with previously communicated 2017 guidance;
- Integration challenges noted above resulted in 2017 ending with a decline in service units from the third quarter, and as a result the Company expects 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; and
- Element remains confident in mid- and long-term core fleet adjusted operating income growth rates of 7% to 9% in 2020 and beyond.

The Company expects to report its fourth-quarter and full-year 2017 results on March 15.

The Company's fundamentals continue to be robust, as demonstrated by its leading market share in the North American fleet services business.

The Company produces strong free cash flow and excess internally generated capital, which Element can use to fund growth and to return capital to shareholders through share buybacks and the Company's dividend.

The Company has excellent access to low-cost funding, with the high quality of its assets reflected in investment grade credit ratings and record low spreads on recent ABS issuance.

The Company recently received an initial issuer rating of BBB+ with stable outlook from Fitch Ratings, and its investment grade ratings from Kroll Bond Rating Agency and DBRS, Inc. were also recently affirmed at A- and BBB (high), respectively, each with a stable outlook.

## **Conference Call**

The Company will host a conference call to discuss today's announcement at 5:30 p.m. Eastern Time on Monday, Feb. 5, 2018. The conference call may be accessed by dialing the following numbers:

- North America Toll-Free: 1-800-898-3989
- Local: 416-406-0743
- International dial-in numbers: <https://www.conf solutions.ca/ILT?oss=7P1R8008983989>
- Passcode 8954159#

A series of presentation slides will be referenced by management during the conference call. These slides will be available on the Company's website in advance of the call and may be accessed at <https://www.elementfleet.com/about-us/investor-relations/presentations>.

The call will be recorded and may be accessed until March 6, 2018 by dialing 1-800-408-3053 or 905-694-9451 and entering the pass code 2401840#.

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*This release includes forward-looking statements regarding Element. Such statements are based on the current expectations and views of future events of the Company's business. In some cases, the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The forward-looking events and circumstances discussed in this release, including, but not limited to the Company's financial outlook and guidance, client originations, cost structure and growth potential, rapid customer adoption and pipeline development, long term value creation and business strategy, management changes and executive searches, streamlining processes, driving efficiency and ensuring excellence in operations and customer service, reducing expenses, and maintaining investments and customer service; may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting Element, including risks regarding economic factors, personnel factors, cost pressure factors, and many other factors beyond the control of the Company. No forward-looking statement can be guaranteed. 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 statements and information. These and other risks and uncertainties, as well as other information related to the Company, are discussed in the Company's various public filings available on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com). Accordingly, readers should not place undue reliance on any forward-looking statements or information. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and the Company does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. In this release, management used certain terms which do not have a standardized meaning under IFRS. A full description of these terms can be found in the Management Discussion & Analysis that accompanies the financial statements for the quarter ended September 30, 2017.*