



Analyst Update Call

June 1, 2017

Element Fleet Management





Agenda

- Discussion of May 31st Trading Halt
- Provide Update on 19th Capital

Certain of the information we are sharing with you today includes forward-looking statements. These statements are based on expectations and assumptions that are subject to significant risks and uncertainties. Please refer to the Cautionary Statement and risk factors of the most recent MD&A and Annual Information Form for a description of such risks, uncertainties and assumptions

19th Capital Update

What is the background of the relationship?

- Element has been funding these assets under a program agreement with Celadon since 2013 and into Q1 2016
- These assets were retained by Element Fleet post the separation as they are 'Fleet Like' assets
- Strategy is to increase the penetration of our fleet service offerings to this heavy duty truck portfolio

19th Capital Update

Why the Joint Venture with Celadon?

- Provided Element with more operational control over assets funded and owned by Element
- Completed with no additional financial exposure
- Provided commonality of interest between the parties
- Provided additional collateral available to support Element's debt

19th Capital Update

How is the Joint Venture structured and operated?

- Element formed a heavy duty truck fleet leasing JV (called 19th Capital) with Celadon, both parties contributing truck leasing portfolios to the JV
- Element contributed its portfolio of \$963.4 million to the JV for debt of \$829.1 million and equity of \$134.3 million
- Celadon contributed a portfolio of approximately US\$ 68.2 million and cash of US \$31.8 million, total of ~Cdn \$134.3 million for its 49.99% interest in the JV
- 19th Capital had ~\$378 million of heavy duty truck fleet assets funded by third parties
- Separate Board of Directors and experienced management team with deep industry experience
- Portfolio serviced by a separate subsidiary of Celadon, Quality Leasing

19th Capital Update

What is the Focus of the Joint Venture?

- Incurred a non-cash \$10.2 million start up loss from our share of the Joint Venture in Q1
- Focused on improving the JV's operations, reducing the Q1 start up losses throughout 2017 and gaining profitability in 2018
- To increase the penetration of our fleet service offerings to a larger more focused heavy duty truck fleet leasing business with total assets of ~\$1.5 billion

19th Capital Update

Celadon's status and impact to the JV?

- 19th Capital is a separate entity and is bankruptcy remote from Celadon
- Element does not have direct credit exposure to Celadon
- The JV has less than 5% of its portfolio on lease to Celadon
- Celadon's auditors have withdrawn their reports on the company's financial statements for the year ended June 30, 2016 and the quarters ended September 30 and December 31, 2016
- Element has the ability to take over the servicing of the JV portfolio from Celadon under certain conditions



QUESTIONS

