



Q1 2024 Investor Presentation

Element Fleet Management (TSX: EFN)



Forward-looking statements and disclaimer

This presentation contains certain forward-looking statements and forward-looking information regarding Element Fleet Management Corp. (“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 may include, but are not limited to, statements with respect to, among other things, Element’s future financial reporting; future cash flows, financial condition, financial performance, operating performance, financial ratios, projected asset base, capital structure and capital expenditures; Element’s after-tax adjusted operating income per share and free cash flow per share; Element’s expectations regarding revenue growth; Element’s expectations in respect of its supply chain and the timing and volume of vehicle production; Element’s EV strategy and capabilities; global EV adoption rates; Element’s ability to achieve its sustainability objectives; 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 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, if required; Element’s plans and ability to redeem its preferred shares; Element’s plans with respect to share purchases, including the number of common shares to be repurchased, the timing thereof and TSX acceptance of the normal course issuer bid and any renewal thereof; any impacts of pandemics or other health threats; 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; the extent of its assets and liabilities; and the impact of vehicle manufacturers’ ability to deliver vehicles;. 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, regulatory landscape, risks related to the addition of new clients, risks related to the payment of dividends, risks relating to execution of strategic initiatives 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. 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 most recent Management Discussion and Analysis document as well as the most recent such document in respect of a full calendar year, and Element’s Annual Information Form, each of which have been or will be filed on SEDAR and can be accessed at www.sedarplus.ca. 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.

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 on February 27, 2024, and under the headings “Risk Management” and “Critical Accounting Policies and Estimates” in Element’s Management Discussion and Analysis for the three-month period ended March 31, 2024, all of which have or will have been filed on SEDAR and can be accessed at Element’s profile on www.sedarplus.ca. 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 millions of U.S. Dollars, except per share amounts, which are single U.S. Dollars.

Non-IFRS Measures

In this presentation, management presents measures that do not have a standardized meaning under IFRS and may not be comparable to similarly-named or any other non-GAAP measures presented by other organizations. Descriptions of the non-GAAP measures presented in this document can be found in Element’s Management Discussion & Analysis that accompanies the financial statements for the most recent quarter or year, which have been filed on SEDAR (www.sedarplus.ca).

Change in Element's Presentation Currency to U.S. Dollars

Commencing Q1 2024, Element changed its presentation currency from Canadian dollars to U.S. dollars. This change more accurately reflects the predominant currency of its revenue, expenses, and cash flows and enhances comparability to its peers. All dollar amounts in this presentation are expressed in U.S. dollars unless otherwise specified.

- Unaudited interim condensed consolidated Statements of Operations, Comprehensive Income, and Cash Flows have been translated into U.S. dollars using average foreign currency rates prevailing for the relevant periods.
- Assets and liabilities in the unaudited interim condensed consolidated Statement of Financial Position, including goodwill, have been translated into U.S. dollars at the closing foreign currency rates on the relevant balance sheet dates.
- Equity in the unaudited interim condensed consolidated Statement of Financial Position and Statement of Shareholders' Equity, including share capital, preferred share capital, equity component of convertible debentures, retained earnings, and other reserves, have been translated into U.S. dollars using historical rates.

The Company's functional currency is the Canadian dollar.

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Q1 2024 Highlights

Q1 2024 HIGHLIGHTS

Q1 2024 Results (vs Q1/23)

(In US\$ millions unless otherwise noted)

Net revenue

\$262.5M | ▲ **16.8%**

Services revenue¹

\$147.1M | ▲ **27.3%**

Adj. operating income²

\$143.6M | ▲ **17.4%**

Adj. operating margin²

54.7% | ▲ **30 bps**

Adj. Free Cash flow per share²

\$0.35 | ▲ **7 cents**

Adj. EPS²

\$0.27 | ▲ **4 cents**



1. Q1 2024 services revenue includes \$7.0 million of certain revenue items which are unlikely to repeat in 2024.
2. Considered to be a non-GAAP financial that does not have a standardized meaning under IFRS and may not be comparable to similarly-named or any other non-GAAP measures presented by other organizations. Descriptions of the non-GAAP measures presented in this document can be found in Element's Management Discussion & Analysis that accompanies the financial statements for the three-month period ended March 31, 2024, which have been filed on SEDAR (www.sedarplus.ca).

Q1 Key Drivers

Record net revenue growth

Continued strength in services revenue

Favourable market dynamics and resilient client demand

Accelerated investments in the business

Q1 2024 HIGHLIGHTS

Financial results

(US\$millions, except per share)			
Key Metrics	Q1 2024	Adjusted ¹ QoQ	YoY
Services revenue	\$147.1	13.4%	27.3%
Net financing revenue	\$107.2	4.9%	9.1%
Syndication revenue	\$8.2	(38.0)%	(24.8)%
Net revenues	\$262.5	7.1%	16.8%
Operating expenses	\$118.9	7.8%	16.1%
Operating income	\$143.6	6.4%	17.4%
Operating margin	54.7%	(30) bps	30 bps
Originations (excl. Armada) \$B	\$1,542	3.5%	9.8%
EPS [basic]	\$0.27	+ 2 cents	+ 4 cents
Free cash flow per share	\$0.35	+ 6 cents	+ 7 cents
EPS [basic] – CAD\$	\$0.36	+ 3 cents	+ 5 cents
Free cash flow per share – CAD\$	\$0.47	+ 7 cents	+ 10 cents

Q1 2024	Reported QoQ	YoY
\$147.1	13.4%	27.3%
\$107.2	4.9%	9.1%
\$8.2	(38.0)%	(24.8)%
\$262.5	7.1%	16.8%
\$132.5	(1.2)%	15.0%
\$130.0	17.0%	18.7%
49.5%	420 bps	80 bps
\$1,542	3.5%	9.8%
\$0.23	+ 3 cents	+ 4 cents
\$0.31	+ 4 cents	+ 5 cents

Q1 2024 HIGHLIGHTS

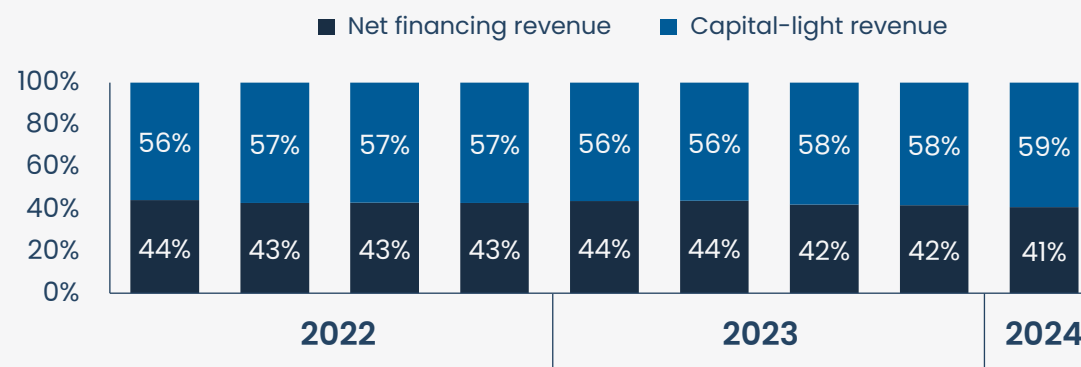
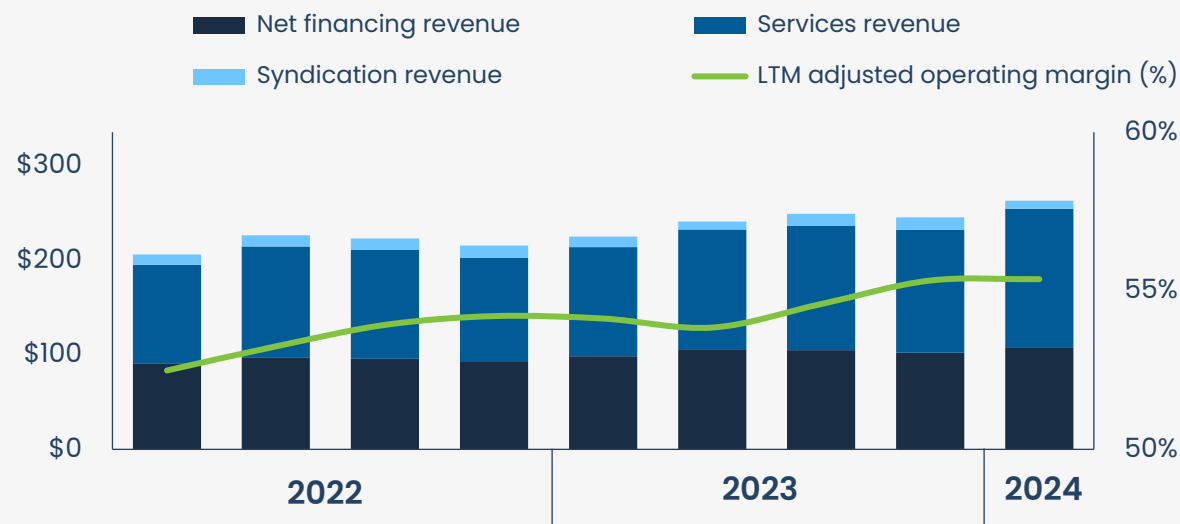
Profitable net revenue growth, fueled by...

- Our continued focus on growing capital light services revenue by increasing penetration and utilization rates and driving greater volume through our comprehensive service-supplier networks.
- Q1 2024 capital light revenue as a percentage of total net revenue reached a **new high of 59%**.
- Leveraging our deep OEM relationships, purchasing power and data analytics to help clients simplify their fleet operations and reduce total cost of ownership.
- Ongoing investments in our business to elevate the client experience and support future growth.
- Digitization and automation initiatives.
- Explore and assess complementary revenue opportunities.

We are growing net revenue and reliably delivering solid adjusted operating margin.



Net revenue streams, and adjusted operating margin



Q1 2024 HIGHLIGHTS

Share of wallet expansion...

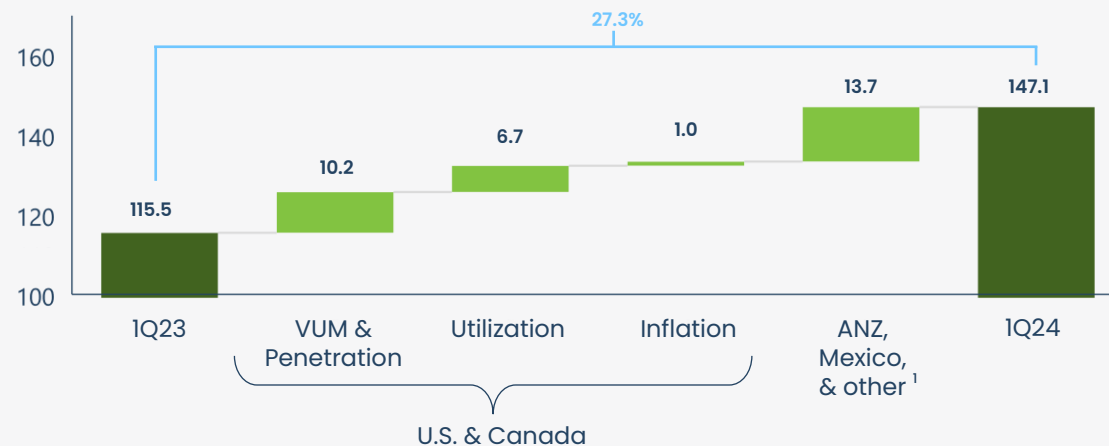
(In US\$ millions unless otherwise noted)

- **Increased penetration** – providing more financing and/or services to more of our existing clients' vehicles – deepens our value proposition (by further lowering Total Cost of Operations ('TCO') and reducing fleet-related administrative burden) and increases client retention.
- **Increasing utilization** is a key driver of share of wallet growth, as 2/3rds of services revenue is vehicle usage-based; the remaining 1/3rd is recurring subscription fee-based. We offer clients insights to improve service utilization, which benefits clients' TCO.

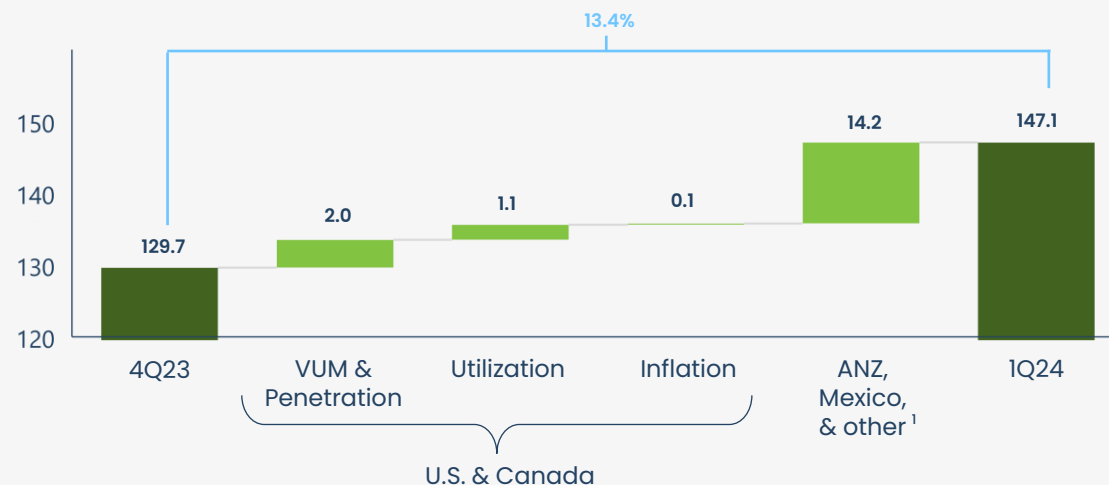


1. Includes \$7.0 million in certain revenue items not likely to recur in 2024.

1Q23 -> 1Q24 services revenue



4Q23 -> 1Q24 services revenue



Q1 2024 HIGHLIGHTS

...across our global fleet

Over the long term, Element drives growth in vehicles under management ('VUM') through:

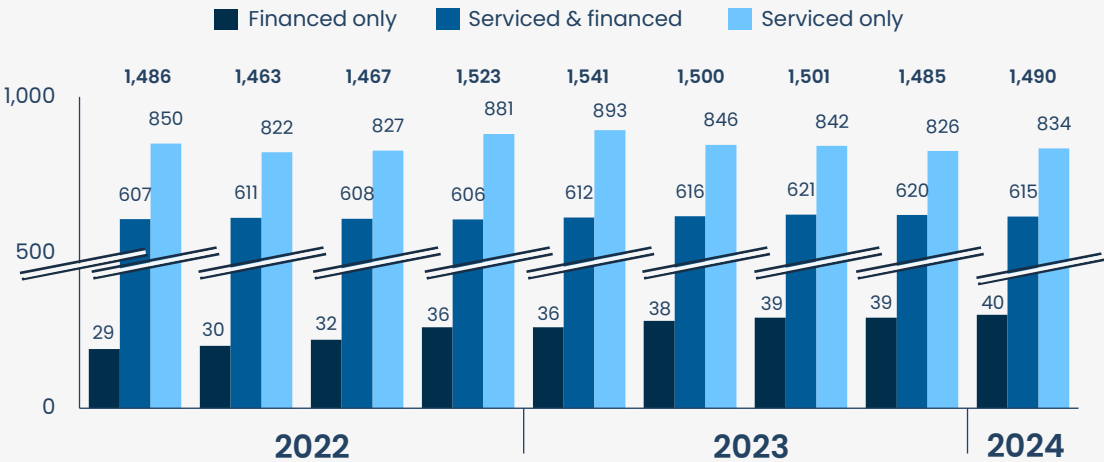
- high client revenue retention;
- 'Internal' growth: earning incremental business from clients whose fleet needs are increasing;
- New clients: earning market share, converting self-managed fleets, and winning government and 'mega' fleets.

The majority of the decline in VUM from 2Q23 through 1Q24 was due to our ending the provision of white-label services to competitors.² These were largely low margin and one service only VUM which contributed immaterially to our financial results.

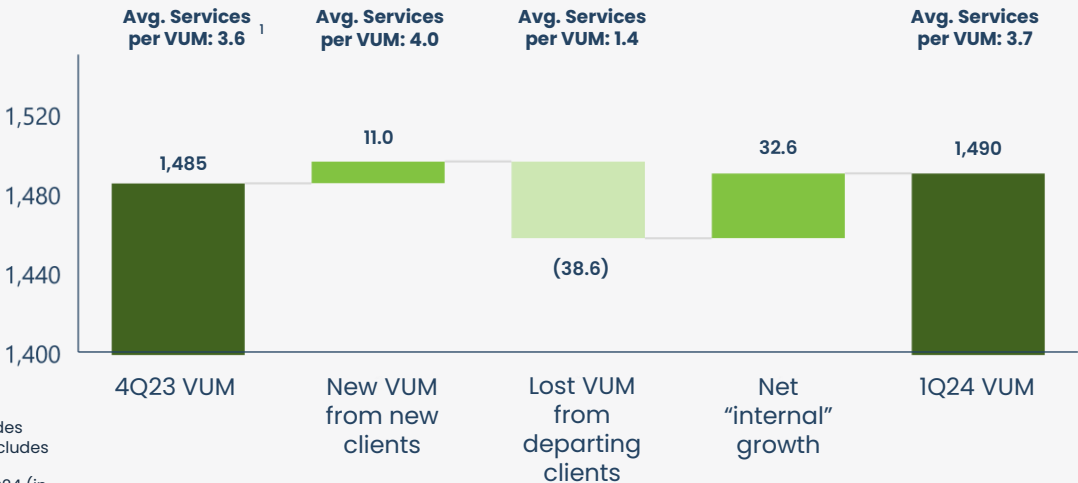


1. U.S. and Canada only. Services being tracked include Collision, Fleet Partnership Solutions, Fuel, Insurance, Maintenance & Roadside Assistance, Tax Benefits, Telematics, Title & Registration and Tolls & Violations. Excludes Acquisitions, Remarketing, Driver Safety and End of Contract services. Commencing Q1 2024 the Company excludes Financing from its total services count (previously included in total services count).
2. We released approximately 73,800 VUM in 2Q23, 68,000 VUM in 3Q23, 33,000 VUM in 4Q23 and 31,400 VUM in 1Q24 (in aggregate 206,200 VUM) in relation to our move to end the provision of white-label services to competitors.

End-of-period global VUM (in thousands)



End-of-period 4Q23 -> 1Q24 VUM (in thousands)



Q1 2024 HIGHLIGHTS

A capital-lighter business model...

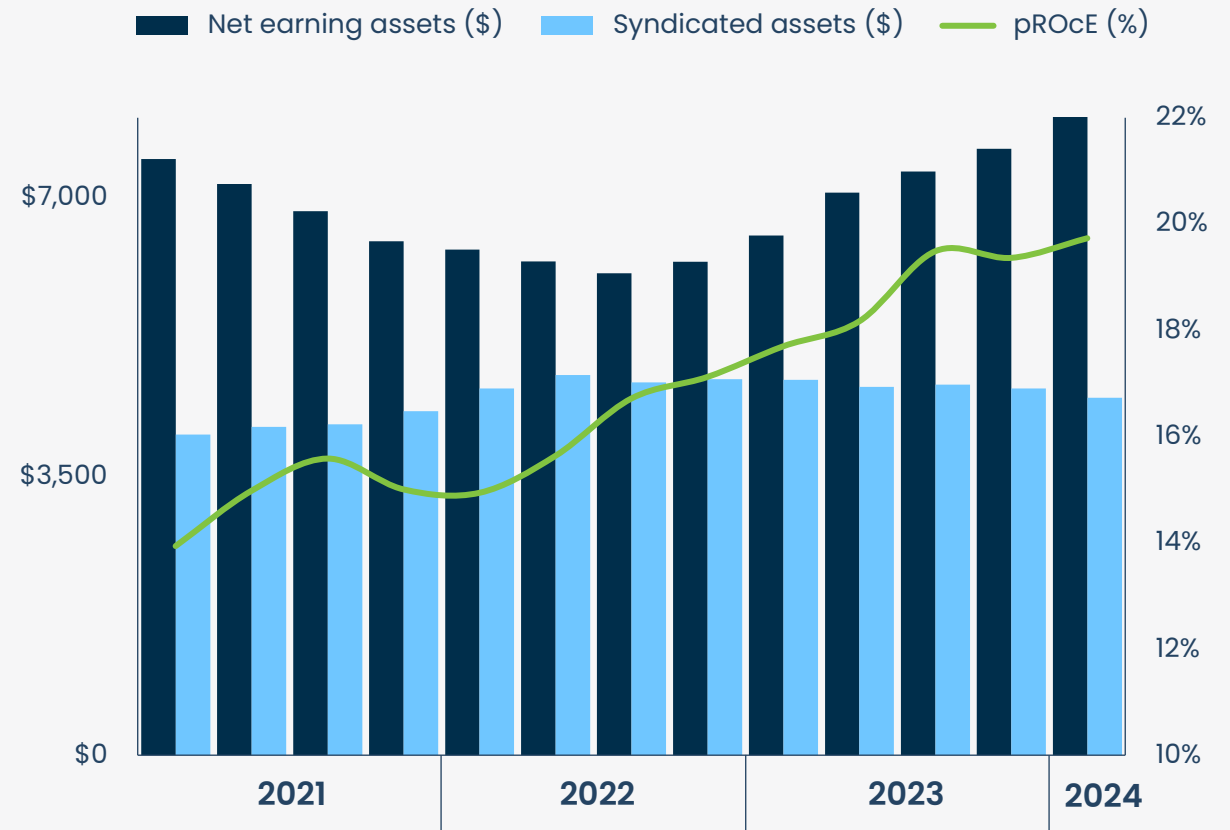
(In US\$ millions unless otherwise noted)

- The second pillar of our capital-lighter business model is syndication – the sale of fleet lease receivables to financial buyers on terms that are more beneficial for Element than holding those assets on balance sheet.
- We expect growing originations to provide a ready supply of lease assets to sell to a broadening base of syndication investors. The syndication market demand for Element's assets remains robust, affording us ready access to this off-balance sheet source of cost-effective funding.

This combination of capital-light services and syndication revenues will continue to enhance Element's return on equity profile.



Syndicated assets and pre-tax return on common equity (pROCE) have grown since 2021



Q1 2024 HIGHLIGHTS

Growing adjusted FCF per share and returning capital

Capital allocation priorities:

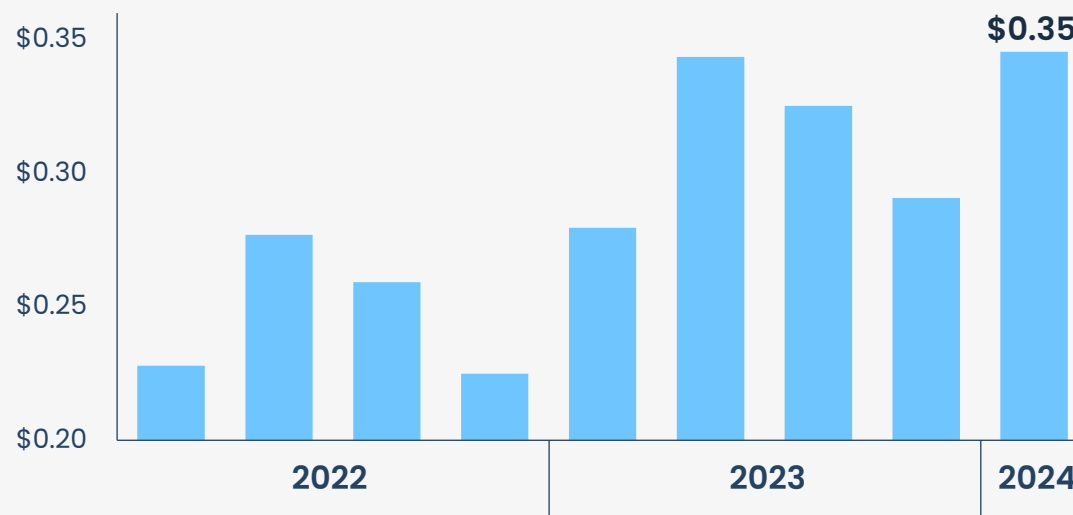
1. Prudently invest in our business;
2. Tangible leverage ratio management (target of 6.25x-6.75x, calculated using our assumptions as to normalized FX rates);
3. Consistently grow common share dividends (annual common dividend target payout range of 25-35% of our last twelve months' adjusted FCF per share);
4. Redeem all remaining high-cost legacy preferred shares; and
5. Repurchase common shares under NCIB.



\$1.0 Billion (U.S. dollars)

Total amount of capital returned to shareholders since 2020 through common share buybacks and dividends

Adjusted free cash flow per share (U.S. dollars)

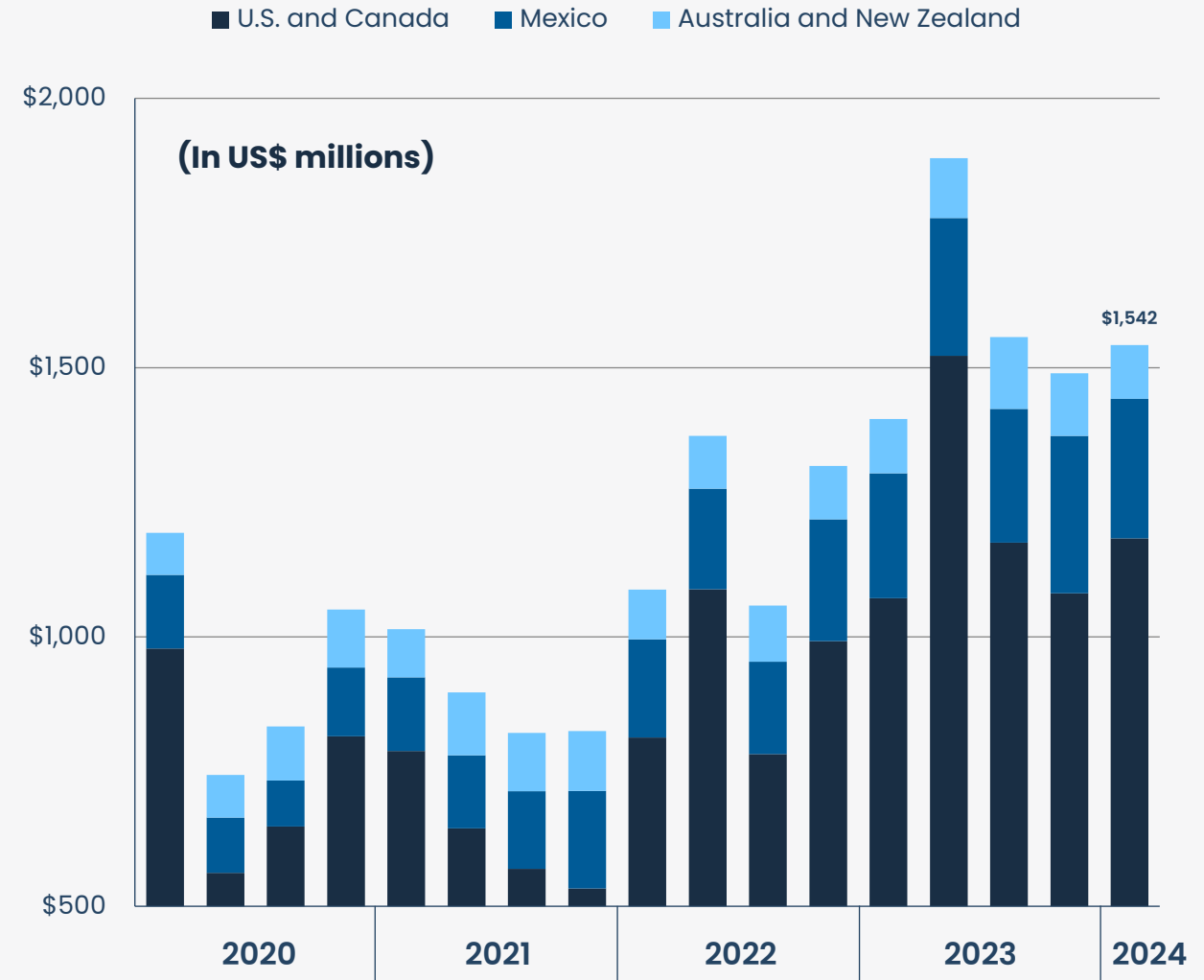


Q1 2024 HIGHLIGHTS

Growth drivers:

1. Resilient client demand
2. Sustained commercial success
3. Improving OEM production volumes and order to delivery cycle times
4. Few models remain on OEM-controlled allocations
5. Waning consumer demand may result in higher near-term allocation to commercial sector

Originations growth and geographic distribution



Looking Ahead

LOOKING AHEAD

FY 2024 guidance
confident in our
ability to meet, or
potentially exceed,
the upper end of
guidance on most
metrics

Full-year 2024 results guidance¹

(US\$ millions, unless otherwise noted)	FY 2023	FY 2024
Net revenues	\$959.1	\$1,020 – 1,040
<i>Implied YoY growth %</i>		6–8%
Adjusted operating margin	55.3%	55.0% – 55.5%
Adjusted operating income	\$530.6	\$560 – 575
<i>Implied YoY growth %</i>		6–8%
Adjusted EPS [basic]	\$0.98	\$1.05 – 1.09
<i>Implied YoY growth %</i>		7–11%
Adjusted free cash flow per share	\$1.24	\$1.31 – 1.34
<i>Implied YoY growth %</i>		6–8%
Originations ² (excl. Armada) – \$billions	\$6.3	\$7.0 – 7.4
<i>Implied YoY growth %</i>		11–17%

1. Excluding the impact of non-recurring setup costs related to strategic initiatives and prior to any material change in foreign exchange.

2. Excludes Armada.

LOOKING AHEAD

Laying the foundation for future growth – Leasing & Strategic Sourcing Initiatives

- **Centralizing accountability for U.S. and Canadian leasing in Dublin, Ireland**

- Enhancing our consistent, superior client leasing experience.
- Signed lease for LEED Platinum-certified office space in Dublin's city center.
- Initiative remains on track to be operational by mid-2024.

- **Establishing a strategic sourcing presence in Singapore**

- Broadening and deepening relationships with Asian OEMs & improving clients' access to new vehicles.
- Commenced operations in April 2024 and entered into a collaboration agreement with BYD, the world's leading new energy vehicle manufacturer/power battery supplier.
- Appointed new Head of Asia Operations, to lead our operations in Singapore.



Expect to generate between \$30–45 million of run-rate net revenue, and between \$22 – 37 million of run-rate adjusted operating income, by full-year 2028.



Initiatives will require approximately \$22 million (total) in non-recurring setup costs, of which \$2.1 million were incurred in Q1 2024. In 2023, we incurred \$13.7 million, in aggregate, in such costs.



The remaining non-recurring setup costs are expected to be incurred in Q2 2024.

LOOKING AHEAD

Accelerating Digitization and Automation Initiatives

- **Client-centric and focused on enhancing the client experience**
 - We strive to position ourselves as a leading industry player in supporting clients to navigate the rapidly evolving mobility and vehicle connectivity landscape efficiently.
- **Modernizing our technology platform and business processes to accelerate innovation and deliver value for our clients**
 - Forward-looking investments in Element's and our clients' future include transitioning towards more agile, and scalable cloud-based solutions and creating a globally unified, digitally enabled technology platform that strives to further streamline operations.
 - Investments in Ordering, Collateral Services, and Enterprise Resource Planning are being made to deliver superior client experiences and support when and where clients, drivers, partners, and employees need them most.



Retaining our clients

98% client revenue retention.



Growing share of wallet

Selling more services and financing to existing clients and increasing utilization of our services.



Earning market share



Converting self-managed fleets into Element clients

More than half of commercial vehicles across our geographies are self-managed. Commercial success momentum driving meaningful revenue growth.



Winning government & 'mega' fleets

Typically requires a longer sales cycle.

LOOKING AHEAD

Revenue growth levers

LOOKING AHEAD

Favourable market dynamics supporting conversion of self-managed fleets



Growing complexity

The need to simplify the complexities of managing large fleets to lower total cost of fleet ownership.



Fleet electrification

Transition to EV fueled by corporate decarbonization goals and gov't incentives. EV expertise required.



Data-driven insights

Element leverages its access to advanced analytics, telematics, and driver behaviour for strategic advantage and enhanced decision-making.



Incumbent scale advantage

Element has 1.5 million vehicles under management, unrivaled purchasing power, strategic advisory capabilities and access to a network of 60,000 suppliers.

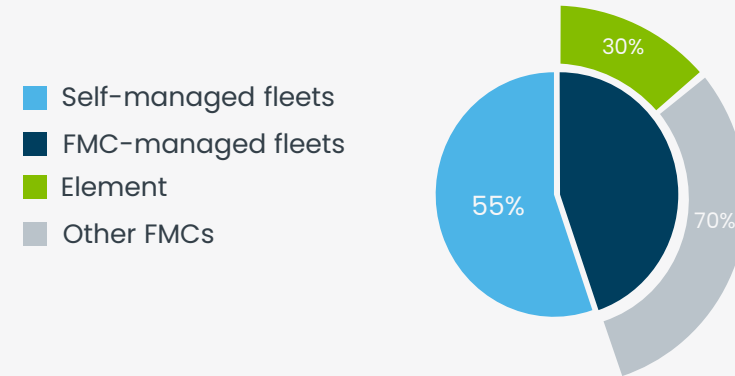
LOOKING AHEAD

Ample opportunity

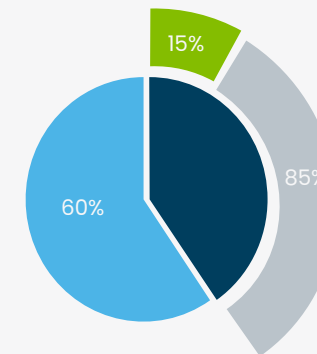
We estimate the addressable market in the U.S. and Canada to represent \$4.4 billion of annual net revenue opportunity, with 55% being self-managed (i.e. approximately \$2.5 billion of annual net revenue opportunity – more than four times our current annual net revenue from this region).

Similarly, we estimate the addressable markets in ANZ and Mexico to represent approximately \$2.5 billion and \$2.7 billion of annual net revenue opportunity, respectively, with 60% and 65% of those markets (respectively) being self-managed.

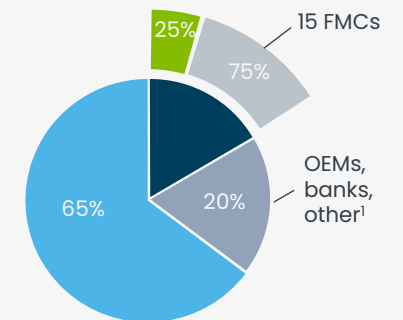
U.S. & Canada



Australia & New Zealand



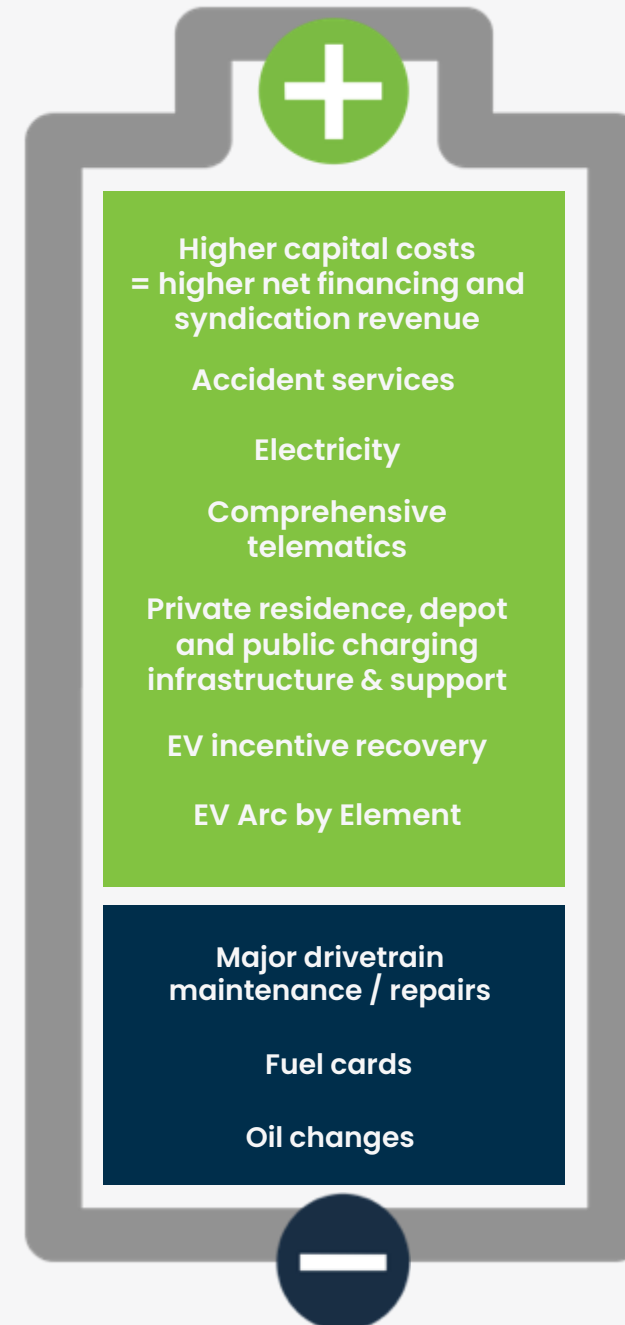
Mexico²



LOOKING AHEAD

The economics of transitioning from ICE to EV

- The transition is expected to be **net revenue positive**, with near-term economic benefits driven primarily by:
 - Increased net financing due to higher vehicle prices and opportunities to finance charging infrastructure.
 - Increased maintenance and collision due to higher parts and repair costs.
- As adoption and implementation progress, new EV-related services revenue opportunities and connected solutions will become more entrenched and are expected to make up for lost fuel and ICE related maintenance revenues.
 - Furthermore, we expect the reduction in commercial vehicle maintenance to be less pronounced than in consumer segments.



Sustainability

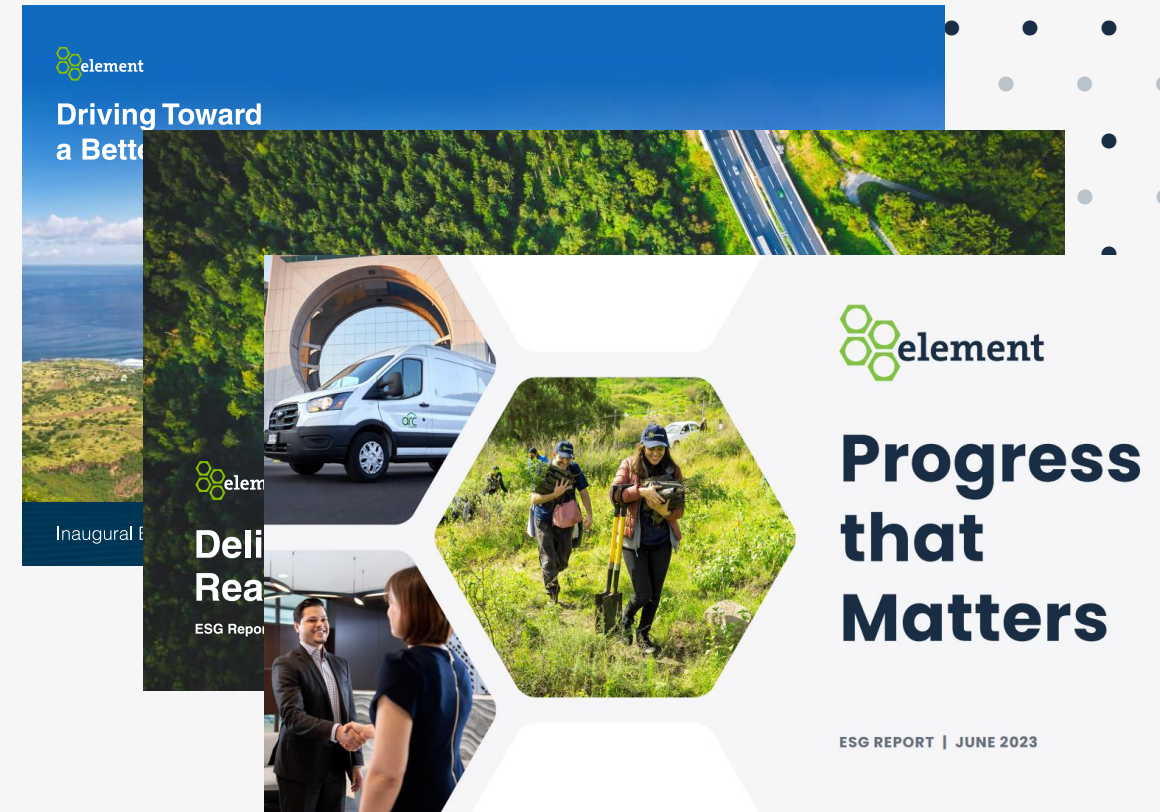
SUSTAINABILITY

Sustainability highlights

Governance: We are ranked among the top 8% of companies (in the S&P/TSX Composite Index) in the Globe & Mail's 2023 annual "Board Games" rankings.

Social:

- For Q1 Global Diversity Representation is on target, with positive trends in Racially and/or Ethnically diverse hires, attrition, and Women promotions;
- Supplier Diversity Program – designed to create opportunities for diverse suppliers who meet our business, procurement and contractual criteria, as well as support our clients in achieving their own supplier diversity goals;
 - We spent \$1.8 billion in 2023 across 4,800 diverse suppliers in our service networks including women, minority, LGBT, disability and veteran-owned businesses.



Corporate sustainability priorities are accelerating fleet decarbonization efforts.

SUSTAINABILITY

Commitments and Achievements

- Transition 350,000 client vehicles into EVs by 2030 through *Arc by Element*, our global “wing-to-wing” Electric Vehicle solution tailored to availability and infrastructure in each geography we serve;
- Committed to the Science-based targets initiative (SBTi);
- Signatory of the United Nations Global Compact;
- Recipient of the EcoVadis silver medal, top 25% of companies;
- Member of the Ceres Corporate Electric Vehicle Alliance and the Accelerate: Canada’s Zero Emission Vehicle Supply Chain Alliance; and
- Scored a “B”, which is above the North American regional average for our annual CDP climate change assessment.

Making significant strides in reducing Scope 1 and Scope 2 greenhouse gas (GHG) emissions



