

Q1 2021 Investor Presentation



Forward-looking statements

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 include, but are not limited to, statements with respect to, among other things, the impact that the COVID-19 pandemic may have on Element’s financial condition, operating results and cash flows; the objectives, vision and strategies of Element; anticipated benefits of Element’s transformation plan; the future financial reporting of Element; future cash flows, financial condition, operating performance, financial ratios, projected asset base, capital structure and capital expenditures; Element’s after-tax adjusted operating income per share; Element’s expectations regarding revenue growth; 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; the extent, nature and impact of any value driver to create pre-tax run-rate operating income; 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; Element’s dividend policy and the payment of future dividends; Element’s proposed 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; 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; terms of new instruments issued to refinance Element’s 2024 convertible debentures; the reset rates for Element’s outstanding preferred shares; the extent of its assets and liabilities; and, in the case of the forward-looking statements regarding financial outlook, that Element will achieve the expected benefits, costs and timing of the transformation plan. 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, risks related to the addition of new clients, risks related to the payment of dividends, risks relating to business integration and many other factors beyond the control of Element. The COVID-19 pandemic has cast additional uncertainty on Element’s expectations, estimates, projections, assumptions and beliefs. The duration, extent and severity of the impact the COVID-19 pandemic, including measures to prevent its spread, will have on Element Fleet’s business is highly uncertain and difficult to predict at this time. 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 current Management and Discussion and Analysis and Annual Information Form, each of which have been or will be filed on SEDAR and can be accessed at www.sedar.com. 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.

Disclaimer

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 March 3, 2021, and under the headings “Risk Management” and “Critical Accounting Policies and Estimates” in Element’s Management Discussion and Analysis for the three- and twelve-month periods ended March 31, 2021, all of which have or will have been filed on SEDAR and can be accessed at Element’s profile on www.sedar.com. 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 Canadian dollars.

Non-IFRS Measures

In this presentation, management uses a number of terms and ratios (including “adjusted operating income” and “after-tax adjusted operating income per share”) which do not have a standardized meaning under IFRS and are unlikely to be comparable to similar measures presented by other organizations. A full description of these measures can be found in Element’s Management Discussion & Analysis for the three- and twelve-month periods ended March 31, 2021, which have been filed on SEDAR (www.sedar.com). Element believes that certain Non-IFRS Measures can be useful to investors because they provide a means by which investors can evaluate Element’s underlying key drivers and operating performance of the business, exclusive of certain adjustments and activities that investors may consider to be unrelated to the underlying economic performance of the business of a given period.

Please see the definitions of “Adjusted operating income” and “After-tax adjusted operating income per share” provided under the heading “Description of Non-IFRS Measures” in Element’s Management Discussion and Analysis in respect of the period ended March 31, 2021, which is publicly available on SEDAR.

Business overview

The largest pure-play automotive fleet manager in the world, Element (TSX: EFN) is a global B2B and B2G services company

\$422 M

LTM Free
Cash Flow¹

52.8%

Operating
Margin¹

14.3%

Return on
Equity²

- Market leader in North America and Australia / New Zealand
- Resilient recurring revenues from a growing base of loyal, world-class clients across 700+ industries and 5 countries
- Industry-leading scalable operating platform with minimal capex requirements
- Ample free cash flow being returned to shareholders by way of ongoing share buybacks and growing common dividends
- Transparent, accountable, proven management team with track record of creating value for shareholders
- Attractive industry dynamics including high barriers to entry

Business overview

Our resilient business model consistently generates strong cash flows and solid financial results throughout economic cycles

1	Essential business services provider	Fleet vehicles are essential for our clients to sustain revenues and/or meet stakeholder needs, ensuring continuity of demand for and utilization of our services
2	Compelling value proposition	We leverage our scale – purchasing power & data – to reduce the total cost of fleet operations for our clients, who outsource management of their vehicles to Element thereby eliminating in-house administrative burden
3	High client retention	Outsourced business services are virtually never repatriated in-house. The nature of our relationships with our clients translate into high switching costs and thus, very low client turnover: 98% is our historical average annual client revenue retention rate
4	Widely distributed client base	Our company serves over 5,500 clients across five sizable geographies in over 700 industries, mitigating risks of exposure to regional and sectoral business cycles
5	Organic revenue growth runway	55-65% of our addressable markets are currently unpenetrated, meaning prospective clients currently self-manage their fleets and have never experienced the cost saving and productivity enhancing benefits of outsourced fleet management services
6	Scalable operating platform	Our transformed, industry-leading service platform underpins >50% operating margins that magnify net revenue growth into significantly higher operating income growth
7	Capital-lighter business model	Our evolving capital-lighter business model incorporates increased service penetration (share of wallet) and strategic fleet asset syndication to enhance returns on equity
8	Excess free cash flow	The tax attributes of automotive fleet assets drastically reduce our cash tax burden. Combined with minimal capex required to sustain our operations, Element's free cash flow routinely exceeds our reported earnings



Q1 2021 Results

Q1 2021 Results

First quarter results reflect solid progress in advancing our three strategic priorities for 2021

1. Net revenue grew 4.4% year-over-year before the impact of changes in FX; ~1% growth as reported
2. Adjusted operating income (AOI) grew 10.8% year-over-year before the impact of changes in FX; 6.2% growth as reported and equivalent to \$0.22 on a per share basis
3. AOI growth significantly outpaced net revenue growth, showcasing our transformed, highly scalable operating platform
4. Pre-tax return on common equity improved 30 basis points quarter-over-quarter to 14.3% and we anticipate further ROE enhancement throughout 2021
5. We further reduced our cost of funds with issuances of US \$500 million of 3-year 1.60% senior unsecured notes and US \$750 million of vehicle management asset-backed term notes – each achieving our best-ever pricing in those markets
6. We returned \$104.5 million to shareholders in the quarter by repurchasing 7,844,886 common shares for cancellation pursuant to our normal course issuer bid (NCIB). Subsequent to quarter-end, we repurchased 3,486,300 more common shares in the month of April, returning an additional \$50.0 million to shareholders

Q1 2021 Results

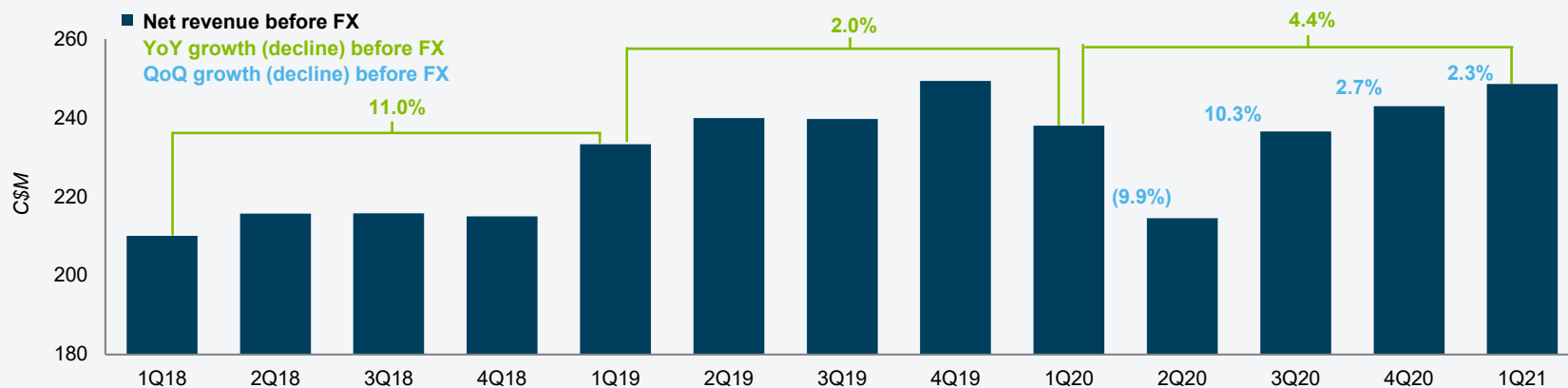
AOI growth significantly outpaced net revenue growth, showcasing our transformed, scalable operating platform

	For the three-month periods ended		
	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
<i>(values in \$000's for stated amounts, except share and per share amounts)</i>			
Net financing revenue	111,020	106,455	95,305
Servicing income, net	114,489	116,758	125,847
Syndication revenue, net	23,089	23,886	26,087
Net revenue	248,598	247,099	247,239
Salaries, wages and benefits	73,625	77,518	75,470
General and administrative expenses	27,146	27,166	31,791
Depreciation and amortization	10,526	10,357	10,656
Adjusted operating expenses	111,297	115,041	117,917
Adjusted operating income	137,301	132,058	129,322
Operating margin	55.2%	53.4%	52.3%
Provision for taxes applicable to adjusted operating income	32,128	23,969	23,925
Cumulative preferred share dividends	8,103	8,103	10,906
After-tax adjusted operating income attributable to common shareholders	97,070	99,986	94,491
Weighted average number of shares outstanding [basic]	438,503	440,243	437,299
After-tax adjusted operating income per share [basic]	0.22	0.23	0.22
Originations	1,286,506	1,386,792	2,030,988
Assets under management	15,045,231	15,652,493	17,780,139

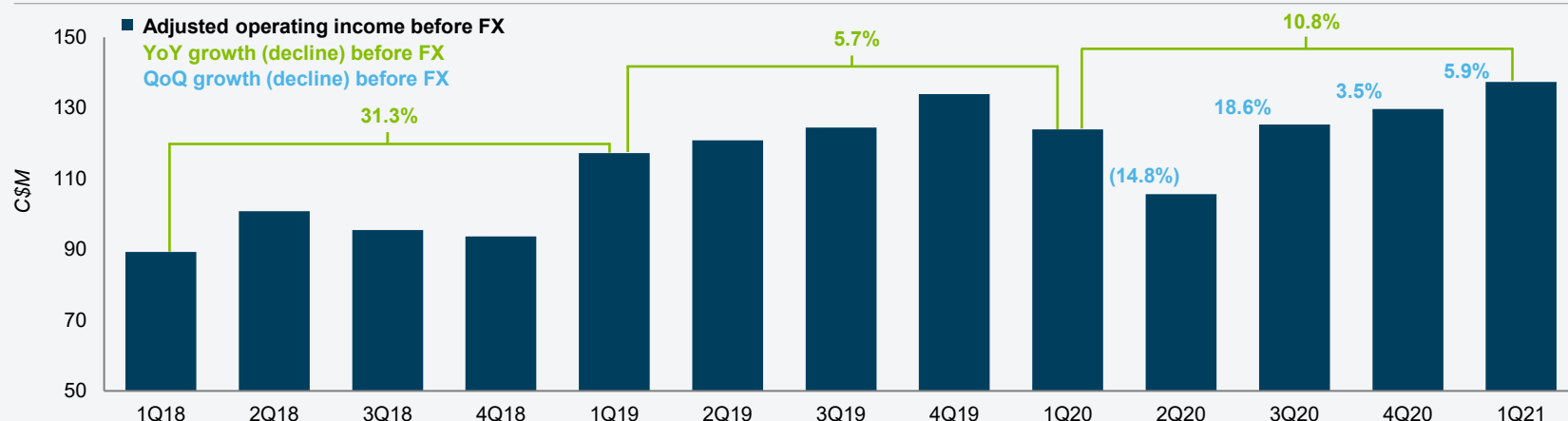
Q1 2021 Results

Global net revenue and adjusted operating income growth were particularly strong before the impact of changes in FX

Global net revenue growth QoQ and YoY



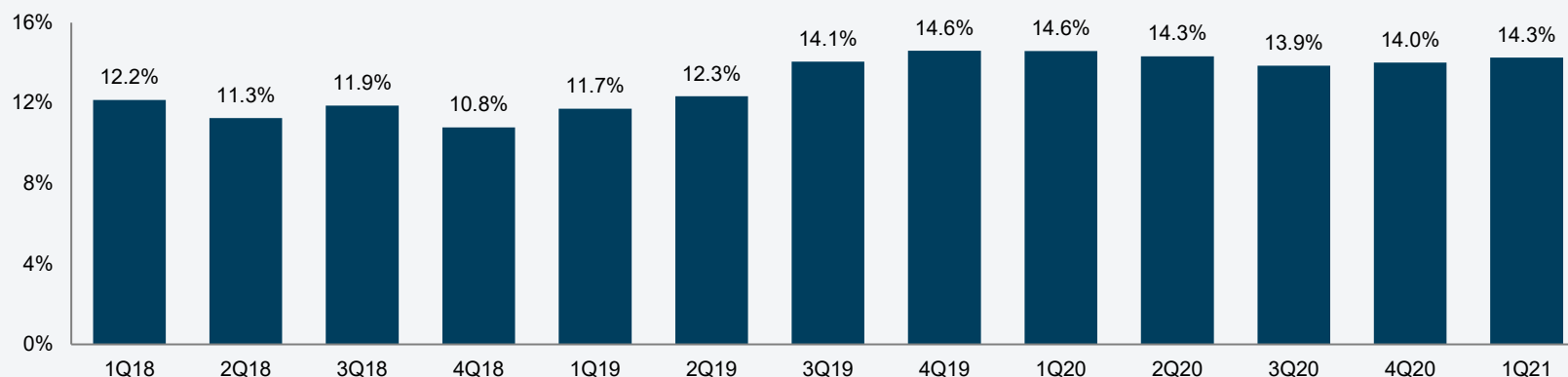
Global adjusted operating income growth QoQ and YoY



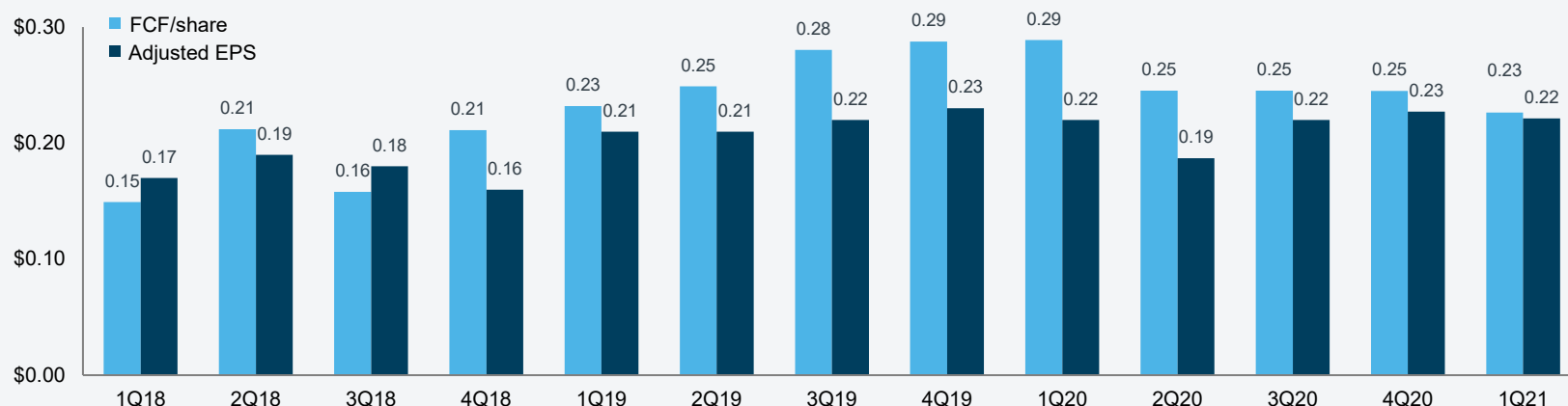
Q1 2021 Results

Our capital-lighter business model enhances ROE and free cash flow routinely exceeds reported earnings

Pre-tax return on common equity



Free cash flow

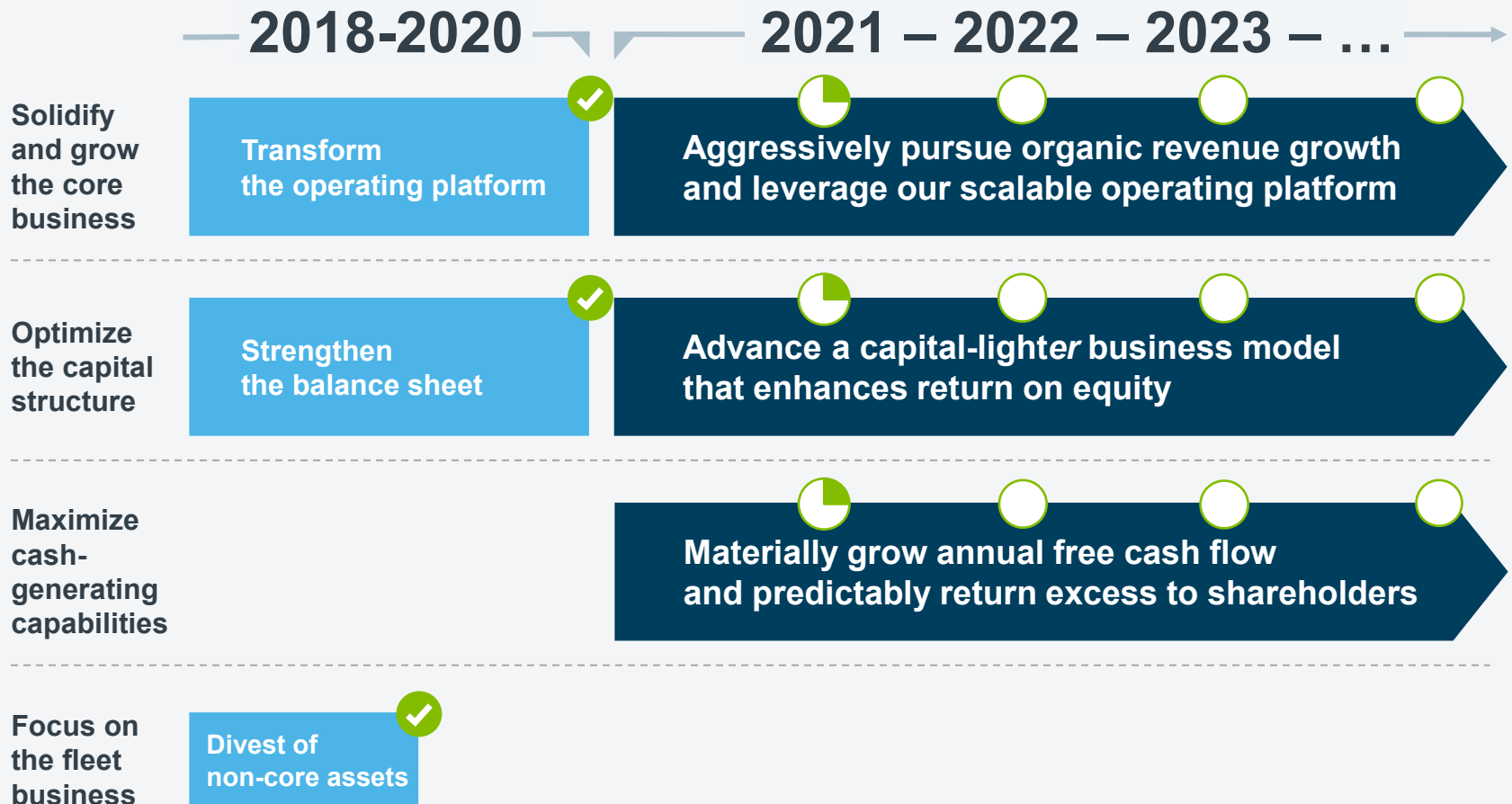




Strategic priorities

Strategic priorities

Having transformed the business, we are focused on achieving our strategic priorities for 2021 and beyond



We are aggressively pursuing profitable net revenue growth

Five sources of global net revenue growth in 2021:

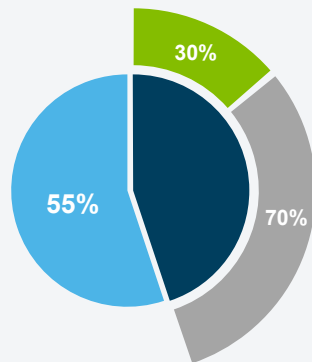
- 1 Retaining existing clients (improving on 98% industry average)
- 2 Increasing client profitability and service penetration (share of wallet)
- 3 Winning new clients from other FMCs (improved salesforce effectiveness)
- 4 Converting self-managed fleets into Element clients
- 5 Reducing costs that offset gross revenues to derive net revenue

Strategic priorities

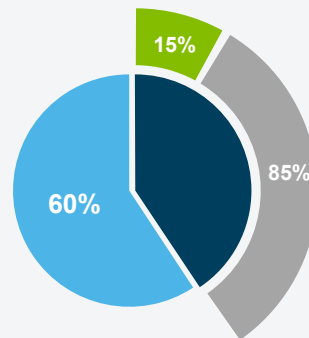
Self-managed fleets represent a very large opportunity for sustained organic net revenue growth across our footprint

■ Self-managed fleets ■ Element
■ FMC¹-managed fleets ■ Other FMCs

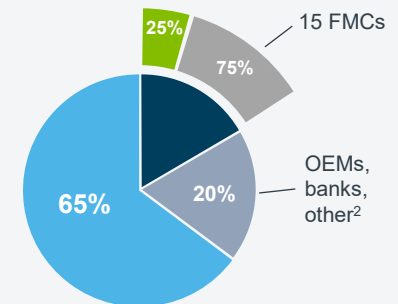
U.S. & Canada



Australia & New Zealand



Mexico



Annual potential net revenue to FMCs

\$6.0 billion

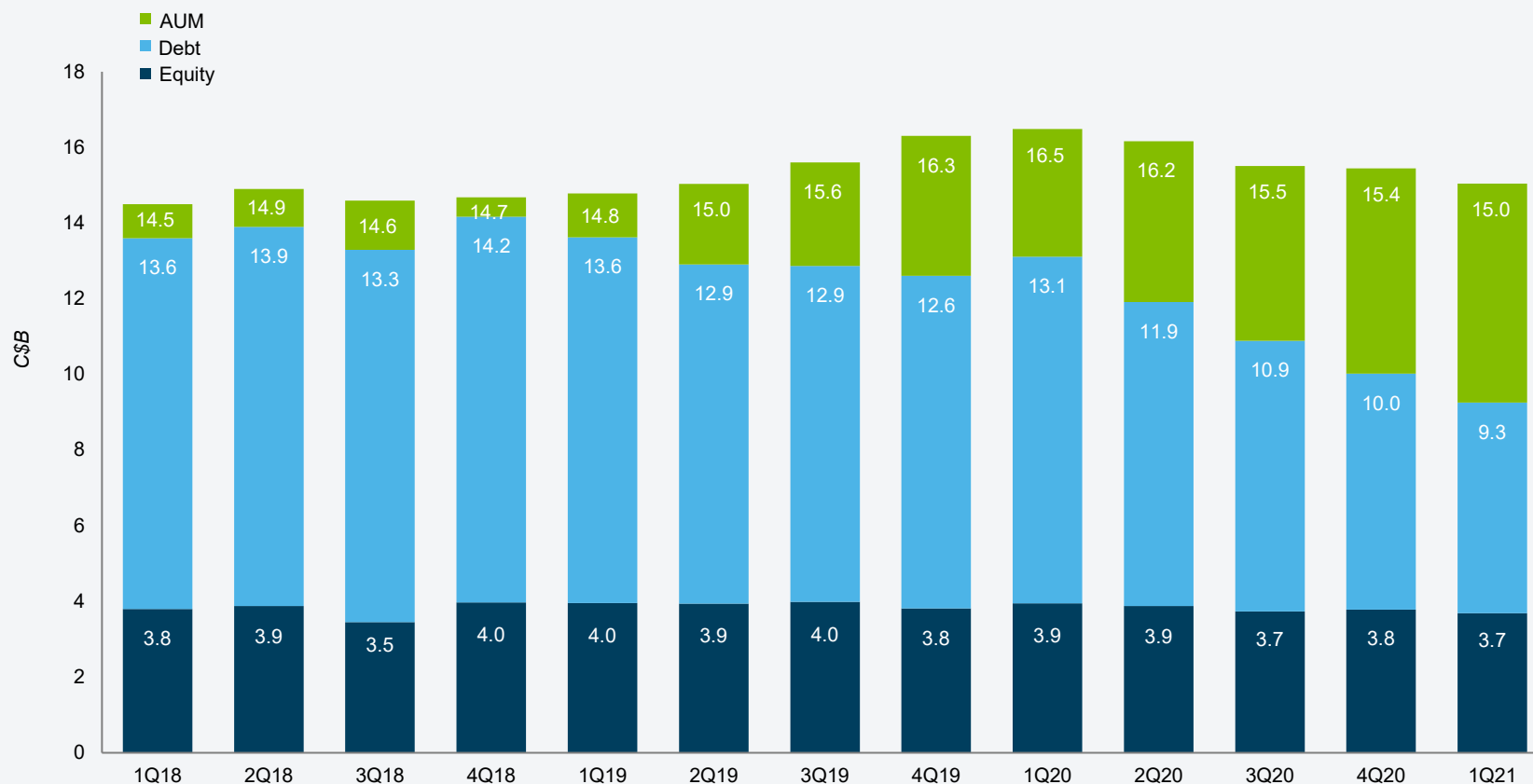
\$3.3 billion

\$3.6 billion

Strategic priorities

Since Q1 2018, we have reduced liabilities by \$4.3 billion while maintaining shareholders' equity and growing AUM

Debt and equity relative to assets under management



ESG Strategy

Element is committed to sustainability and we are leading with the transparency and integrity we are known for

As part of our commitment to ESG, our ESG Scorecard will be incorporated into and linked to Element's Global Balanced Scorecard – to drive performance in the coming years. In 2021, Element's first year formally tracking ESG metrics, our priority is to develop a robust baseline, which we will publish in our second annual ESG Report in 2022. As our ESG strategy matures, our Scorecard will evolve in alignment.

	2021 Strategic Objectives	2021 Metrics
Sustainability Reduce carbon footprint and invest in green technology	• Reduce client fleet petroleum consumed	• Cumulative grams of CO ₂ saved
	• Reduce EFN carbon emissions	• Electrification of internal fleet
	• Enable client fleet electrification	• EV originations
Diversity and Inclusion Foster D&I in our workforce and in our communities	• Attract and develop a diverse workforce	• Diversity representation
	• Promote diversity across our supply chain	• Track pass-through spend/volume driven to minority and women-owned suppliers
	• Give back to our communities	• Total employee volunteered time • Corporate donations
Satisfaction & Safety Prioritize client and employee Safety & Satisfaction	• Improve employee and client satisfaction	• Global Employee Engagement Index • Global NPS Score
	• Improve client and driver safety	• Number of accidents per million kilometers driven
Governance Increase ESG reporting, education and awareness	• Improve external ESG scores	• EcoVadis and ISS scores
	• Board composition	• Director independence, diversity and tenure

A global fleet leader

Element is the largest pure-play automotive fleet manager in the world, providing B2B / B2G services that lower clients' total cost of fleet operations and make their vehicles and drivers **safer, smarter** and **more productive**.

Dominant market position in North America and the market leader in Australia / New Zealand

Resilient recurring revenues from a growing base of loyal, world-class clients across 700+ industries

Ample free cash flow returned to shareholders through common dividends and share buybacks

Accountable management with proven ability to create value

Reliable 4-6% annual net revenue growth in normal market conditions