

Q4 2020 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 December 31, 2020, 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 December 31, 2020, 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 December 31, 2020, which is publicly available on SEDAR.

Business overview

Element is a global B2B / B2G services company and the largest pure-play automotive fleet manager in the world

\$450 M

Annual Free
Cash Flow¹

53.4%

Operating
Margin²

14.0%

Return on
Equity³

- 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 through common dividends and ongoing share buybacks
- Transparent, accountable, proven management team with track record of creating value for shareholders
- Attractive industry dynamics including high barriers to entry

Business overview

Our business model is designed to be resilient, consistently delivering solid financial results throughout economic cycles

- 1 Essential business services**
 - Fleet vehicles are mission-critical for clients to sustain revenues and/or meet stakeholder needs, ensuring continuity of demand, payments and service utilization.
- 2 Compelling value proposition**
 - We use our scale – purchasing power & data – to drive down the total cost of fleet operations for our clients, and our services and solutions eliminate the administrative burden of in-house fleet management.
- 3 High client retention**
 - The nature of the assets and service relationship translate into high switching costs and low client turnover: approximately 98% historical average annual retention rate.
- 4 Blue-chip clients**
 - Nearly two-thirds of our portfolio is with investment grade clients (publicly rated or “investment grade equivalent”), with many of the Fortune 500 represented.
- 5 Widely distributed client base**
 - Our assets are at work for clients across five sizable geographies and over 700 standard industrial classifications, mitigating concentration risks.
- 6 Effective protection against default**
 - Clients with deteriorating credit are usually able to restructure rather than liquidate. In a restructuring, our leases are usually affirmed, ensuring continuity of payments to Element. Our leases contain cross-default provisions, and no force majeure clauses.
- 7 Historically strong credit performance**
 - Our leases are cross-collateralized and fleet vehicles are highly liquid. During and after the Great Financial Recession, the businesses that now make up Element experienced less than 10 bps of credit loss (as a % of finance receivables) in their worst years.
- 8 Strong funding capacity**
 - We have ready access to cost-efficient capital, with both securitization and syndication programs, and we maintain multiple committed alternatives to fund the business should access to the ABS or syndication markets become constrained for any reason.

Q4 2020 Results

Q4 2020 results

Resilient fourth quarter and 2020 results, complete \$200+ million Transformation and kicking-off 2021 with significant client wins

1. Q4 adjusted operating income increased \$3.1 million quarter-over-quarter to \$132.1 million; equivalent to \$0.23 on a per share basis and translating to \$0.25 of free cash flow per share
2. Full-year 2020 adjusted operating income totaled \$501.5 million; equivalent to \$0.85 on a per share basis – essentially flat year-over-year in spite of COVID-19
3. Transformation program completed, reaching \$208 million of run-rate profit improvements actioned and delivering \$133 million of operating income enhancement in 2020
4. Element returned to sub-6.0x tangible leverage in Q4, achieving 5.74x at year-end while repurchasing 762,100 common shares for cancellation in the month of December pursuant to the Company's normal course issuer bid (NCIB)
5. Subsequent to year-end, Element repurchased aggregate 3,588,500 common shares for cancellation in the months of January and February 2021 pursuant to its NCIB
6. Element's growth strategy continued to build momentum subsequent to year-end with significant client wins in North America and ANZ
7. Element did not furlough or lay off a single employee in 2020 as a result of the pandemic

Q4 2020 results

Adjusted operating income improved quarter-over quarter, as net revenue grew and adjusted operating margin expanded

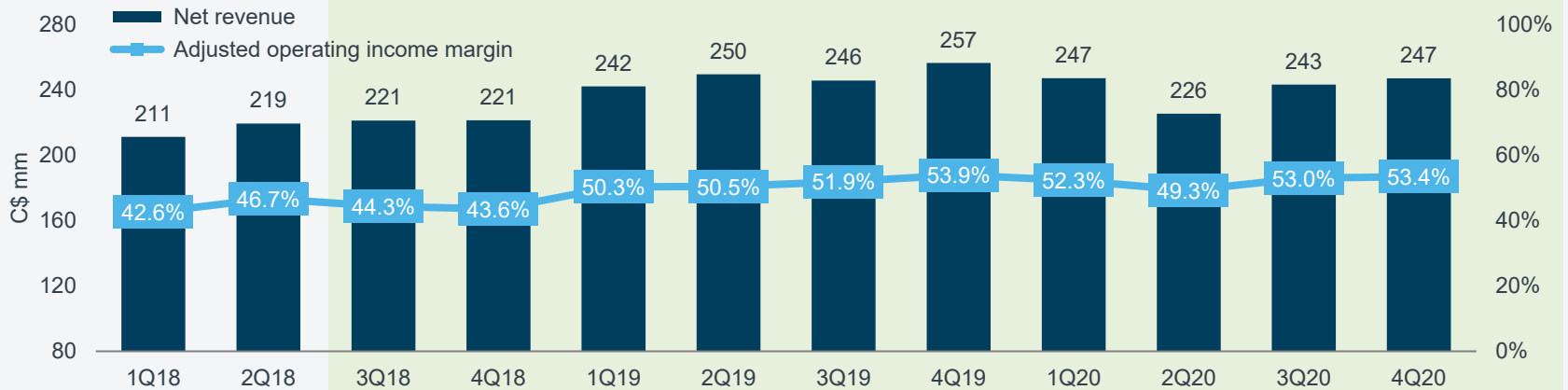
		For the three-month periods ended		For the twelve-month periods ended	
(values in \$000's for stated amounts, except per share amounts)	Dec 31, 2020	Sep 30, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Net financing revenue	106,455	103,272	100,217	405,687	411,180
Servicing income, net	116,758	124,734	128,754	481,854	493,345
Syndication revenue, net	23,886	15,246	27,538	75,552	89,577
Net revenue	247,099	243,252	256,509	963,093	994,102
Salaries, wages and benefits	77,518	74,910	78,077	302,757	322,628
General and administrative expenses	27,166	28,789	29,101	116,336	115,256
Depreciation and amortization	10,357	10,568	10,945	42,491	42,252
Adjusted operating expenses	115,041	114,267	118,123	461,584	480,136
Adjusted operating income	132,058	128,985	138,386	501,509	513,966
Provision for taxes applicable to adjusted operating income	23,969	21,927	25,589	87,604	93,835
Cumulative preferred share dividends	8,103	10,875	11,025	40,820	44,424
After-tax adjusted operating income attributable to common shareholders	99,986	96,183	101,772	373,085	375,707
Weighted average number of shares outstanding [basic]	440,243	438,842	435,774	438,561	434,812
After-tax adjusted operating income per share [basic]	0.23	0.22	0.23	0.85	0.86
Originations	1,386,792	1,279,263	2,225,909	6,003,847	7,851,876
Assets under management	15,652,493	16,148,812	16,710,402	15,652,493	16,710,402

Q4 2020 results

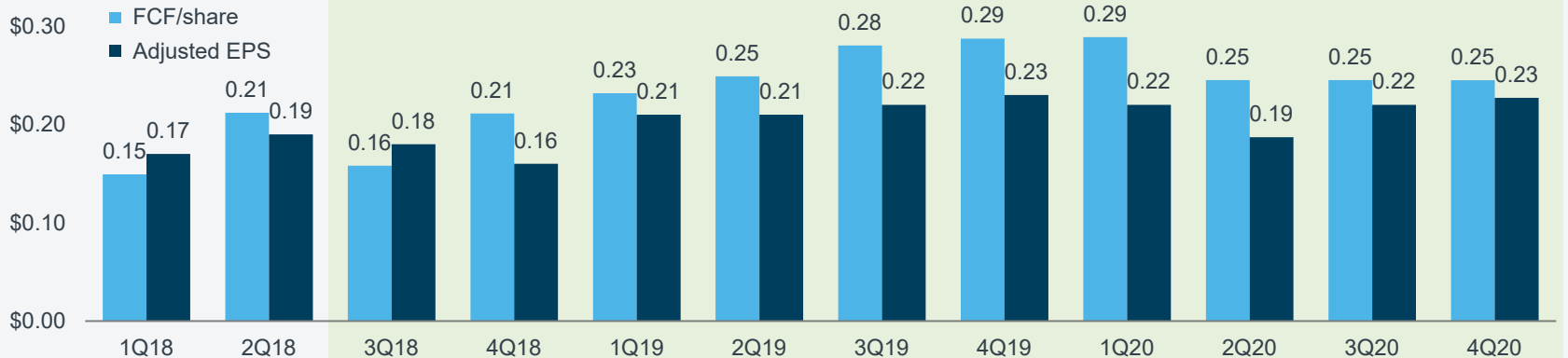
Transformation has improved operating leverage and increased free cash flow

Operating leverage

Transformation program



Free cash flow

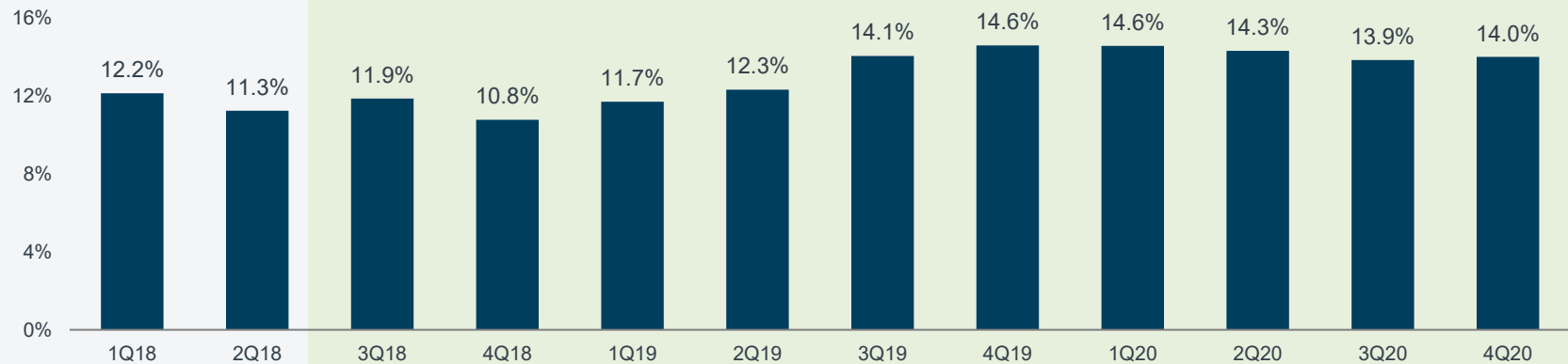


Q4 2020 results

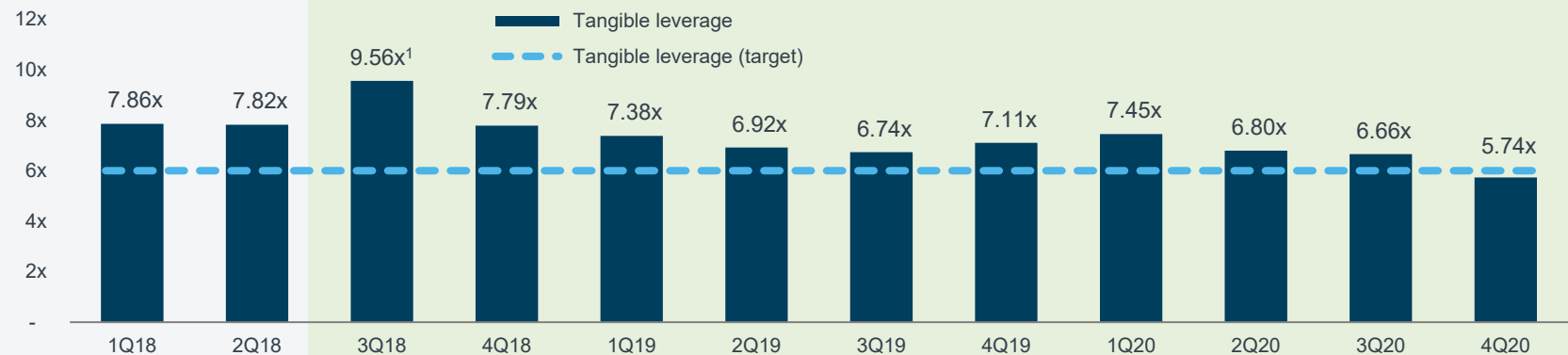
Syndication and transformation continue to enhance returns on equity and accelerate de-leveraging

Pre-tax return on common equity

Transformation program



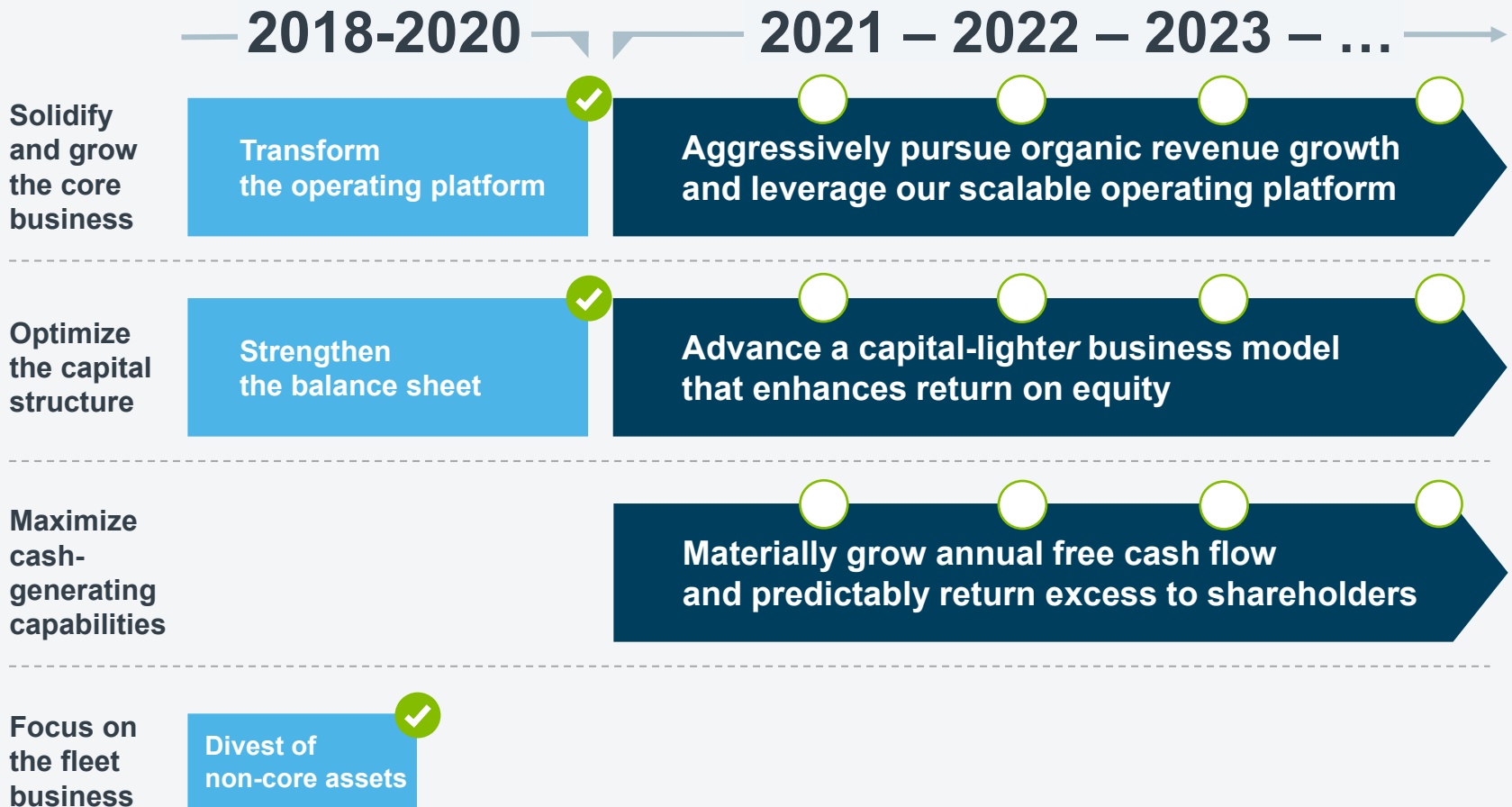
Tangible leverage



Strategic priorities

Strategic priorities

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



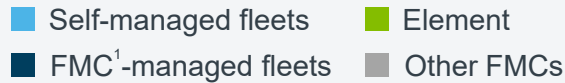
We are aggressively pursuing profitable net revenue growth

Five sources of global net revenue growth in 2021:

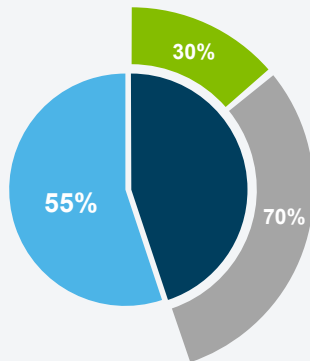
- 1 Retaining existing clients (improving on 98% industry average)
- 2 Increasing client profitability and service penetration (share of wallet)
- 3 Winning new clients from other FMCs (improved salesforce effectiveness)
- 4 Converting self-managed fleets into Element clients
- 5 Reducing the Cost of Services and Cost of Financing that offset Gross Revenues to derive Net Revenue

Strategic priorities

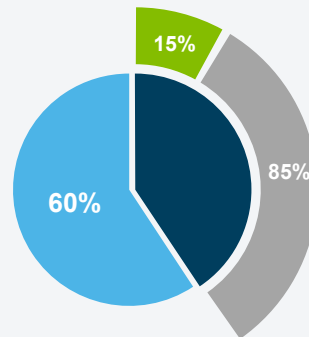
Self-managed fleets represent a very large opportunity for sustained organic net revenue growth across our footprint



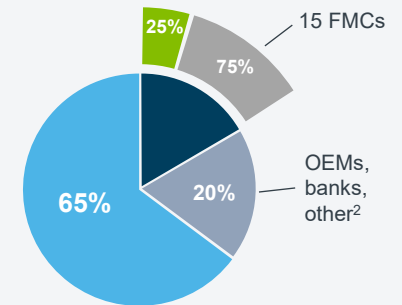
U.S. & Canada



Australia & New Zealand



Mexico



Annual potential net revenue to FMCs

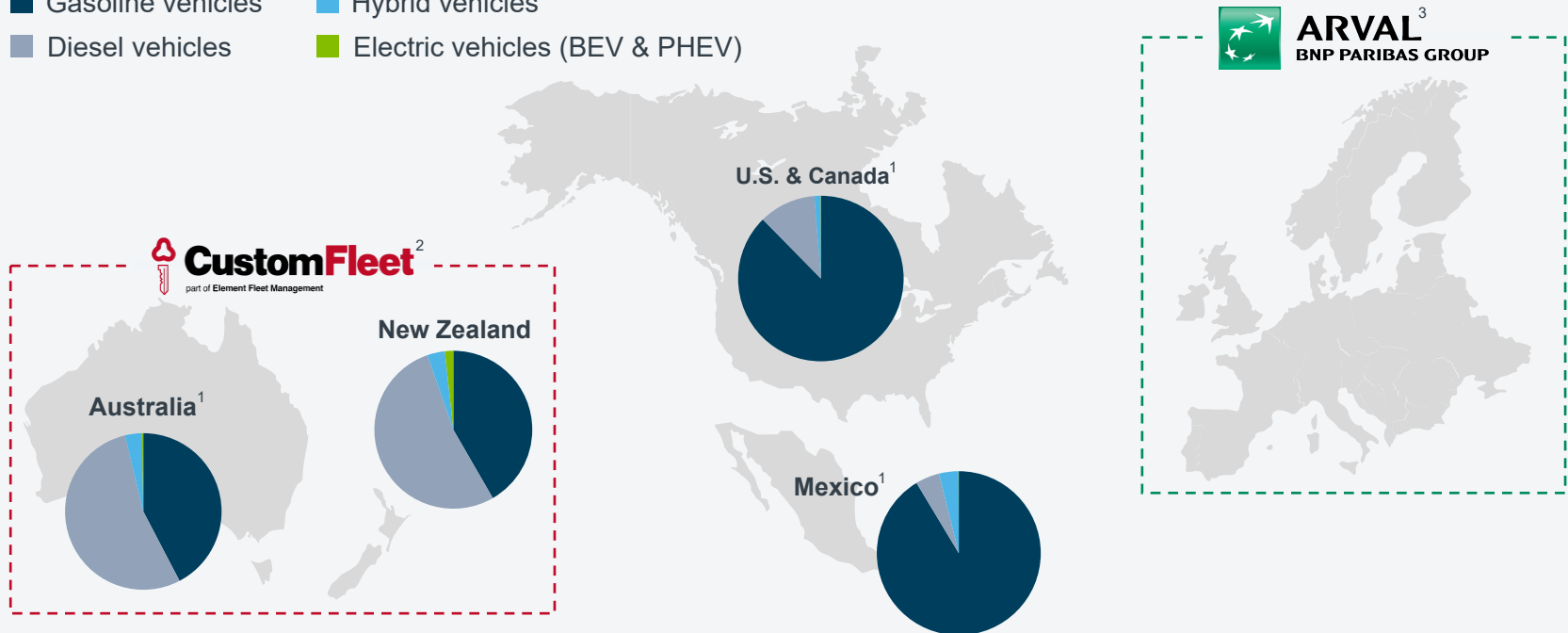


Strategic priorities

We are well positioned to support our clients and lead our industry through the gradual electrification of automotive fleets

Although EV and hybrid penetration of our clients' fleets is currently immaterial...

- Gasoline vehicles
- Diesel vehicles
- Hybrid vehicles
- Electric vehicles (BEV & PHEV)



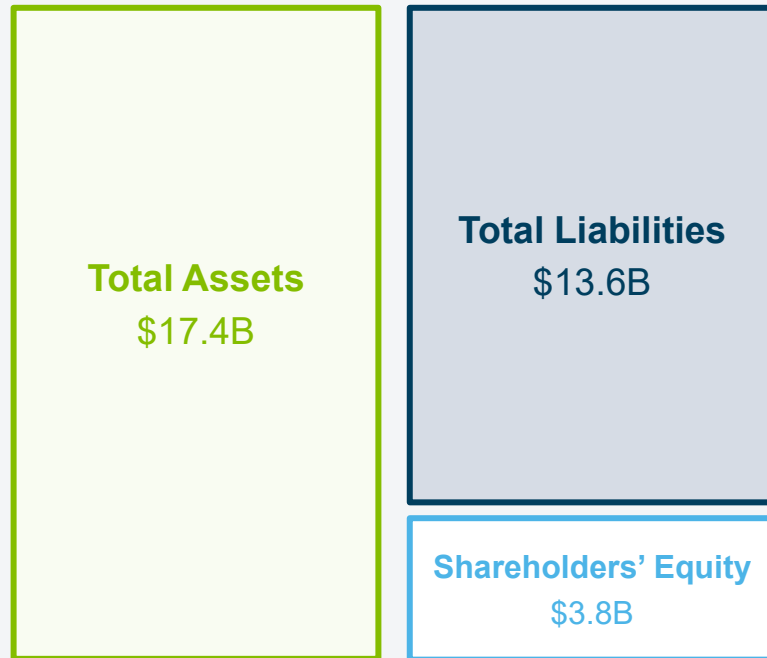
...we are excited by both the economic and environmental benefits of EVs, and we have all the necessary capabilities to electrify our clients' fleets today

Strategic priorities

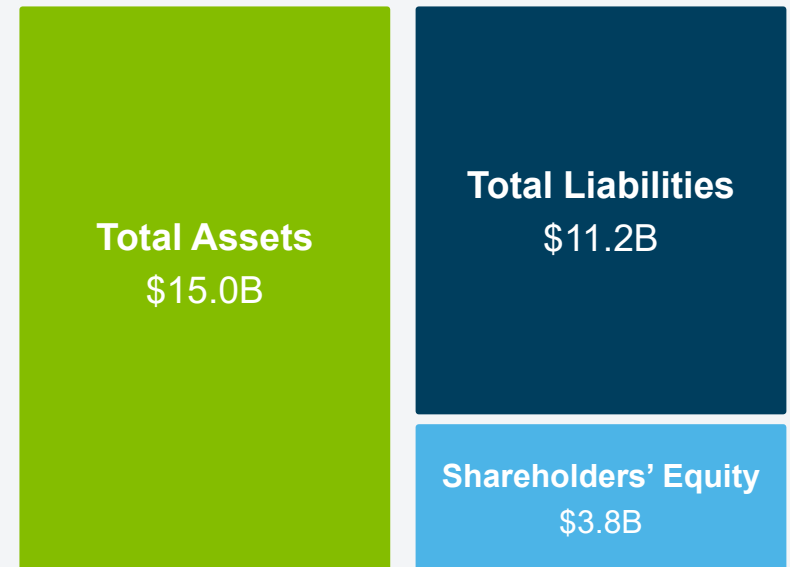
Advancing a capital-lighter business model by increasing service penetration and syndication, which enhances return on equity

We reduced our liabilities by over \$2.4 billion in 2020, while maintaining shareholders' equity essentially flat. In doing so, we lowered tangible leverage from 7.11x to 5.74x, maturing and improving our capital structure in the process, and materially lowering our cost of funds.

at December 31, 2019:



at December 31, 2020:



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