



Element Reports Solid First Quarter Results and Transformation Progress; Reiterates Confidence in Resilient Business

Amounts in \$CAD unless otherwise noted

- Q1 core adjusted operating income increased 10.5% over Q1 2019 to \$135 million; equivalent to \$0.23 on a per share basis
- Transformation program actioned cumulative \$146 million of run-rate profit improvement initiatives and delivered \$29 million of operating income enhancement in Q1 - both ahead of plan
- Q1 originations of \$2.0 billion with contributions from all five geographies drove core assets under management to \$17.8 billion at quarter-end
- Element has committed, undrawn liquidity of over \$5.5 billion at March 31, 2020; ready access to U.S. bond, term ABS and syndication markets; and dependable operating cash flow
- Element withdraws 2020 adjusted EPS guidance and increases allowance for credit losses to \$20 million given the uncertainties associated with the economic impact of COVID-19
- Subsequent to quarter-end, Element sold the assets of 19th Capital and settled third party debt

TORONTO, May 11, 2020 -- Element Fleet Management Corp. (TSX: EFN) ("Element" or the "Company"), a leading global provider of fleet management services, today announced financial results for the first quarter ended March 31, 2020 and continued progress on its transformation program.

Element's market-leading core fleet business generated adjusted operating income of \$134.8 million, or \$0.23 per share, in Q1 2020. On a year-over-year basis, core adjusted operating income increased \$12.8 million or \$0.02 per share from Q1 2019. Q1 2020 included \$29 million of operating income enhancement delivered by transformation. On a consolidated basis, the Company reported Q1 net income of \$79.4 million or \$0.16 per share.

Element is withdrawing its 2020 adjusted EPS guidance given the uncertainties of the economic impact of COVID-19 on the Company's clients and therefore its business. The Company Q1's results include a \$12 million provision for credit losses ("PCL"), increasing its balance sheet allowance for credit losses to \$20.0 million or 0.16% of total finance receivables before the allowance.

"Our unwavering focus on delivering a consistent, superior experience across our blue-chip client base yielded another solid quarter for our core business," said Jay Forbes, President and Chief Executive Officer of Element. "The benefits of our ongoing work to transform our organization and strengthen and de-leverage our investment grade balance sheet are not only evident in our Q1 results, but also in the continuity of our operations, our abundant liquidity and the performance of our people in the face of COVID-19."

"In the final weeks of Q1, our organization quickly adapted to the new realities of life during the pandemic," continued Mr. Forbes. "As I communicated last month, our business remains safe and sound. Nearly all our employees are working remotely and continue to do so safely and productively. Our people, processes and systems are supporting our clients as they address the challenges and opportunities that COVID-19 presents for their businesses."

"The results that we released today include an increase in our allowance for credit losses reflecting our best estimate of the potential impact of this event on our business. While near-term uncertainties have compelled us to withdraw 2020 guidance, and our forthcoming quarterly results in 2020 will no doubt also be impacted by reductions in our clients' activity, in many ways our learnings thus far in Q2 have only given me and my leadership team more confidence in the stability and resilience of our business model," Mr. Forbes added. "Element is ready to emerge from this disruptive period with momentum and I believe the opportunities for our business may be even greater in the fullness of time as a result of the economic consequences of the COVID-19 pandemic."

Transforming the Core

Element outperformed its transformation targets in Q1 2020, actioning a cumulative \$146 million of annual run-rate, pre-tax profit improvements at March 31, 2020. Initiatives in the quarter included further revenue assurance measures, direct cost improvement through strategic sourcing and operational cost savings from organizational simplification.

Subsequent to quarter-end, Element surpassed the \$150 million mark for annual run-rate, pre-tax profit improvements actioned through its transformation efforts. This is a noteworthy milestone because it was the Company's original end-of-2020 target for the entirety of its transformation program. Element increased that target by 20% in Q3 2019, and remains well on track to

action \$180 million of profit enhancements by the end of 2020.

Transformation initiatives actioned to-date delivered \$29 million of operating income benefit in the quarter - \$5 million more than previously projected, with added impacts to Q1 service income and syndication revenue.

Strengthening the Balance Sheet

Element continues to take steps to further strengthen its investment grade balance sheet. The syndication market has remained open to Element throughout the COVID-19 crisis including to date, and the Company syndicated \$834 million of assets in the first quarter, generating \$26.1 million of revenue transacting with familiar as well as new buyers.

Profitable results, free cash flow and syndication all contribute to de-leveraging and de-risking Element's balance sheet. The Company reported tangible leverage of 7.45x at the end of the first quarter, an increase of 0.34 from Q4 2019 driven solely by the strengthening of the U.S. against the Canadian dollar. Excluding FX volatility, as well as the impact of Element's non-recourse warehouse credit facility (which exclusively funds pre-syndication assets for Armada¹), the Company's tangible leverage ratio at March 31, 2020 would have been 6.35. Element continues to target sub-6.0x tangible leverage by the end of 2020.

Subsequent to quarter end, Element further de-risked its investment grade balance sheet by establishing a \$560 million committed credit facility underwritten by four leading banks, which can be used as required to retire the Company's outstanding Convertible Subordinated Debentures maturing in June 2020. Element still intends to issue senior unsecured term debt in the U.S. bond market in 2020, while recognizing that market conditions may not be attractive in the short term for the Company's inaugural offering. Element has the luxury of time with ready access to approximately \$5.5 billion of contractually committed, undrawn funding capacity.

Pivoting to Growth

Element made organizational changes in Q1 that will better position the Company to capture the many opportunities it identified last year in sizing and mapping the North American market for fleet management services, an exercise that has informed the Company's enhanced go-to-market strategy.

As previously communicated, Element combined its Enterprise and Mid-Market commercial teams in the U.S. and Canada into a single commercial organization in Q1 2020, under the leadership of David Madrigal, who was appointed Chief Commercial Officer. Mr. Madrigal built Element's high-performing Mexico team from the ground up, delivering double-digit growth in Mexico over the last four years and solidifying the Company's reputation as the industry leader in the region.

The new commercial organization has also been reconfigured, with regional, government and "mega fleet" sales teams focused on profitable revenue growth; a dedicated client account management team within the commercial group; and strengthened salesforce effectiveness and marketing functions.

With this work complete and as previously communicated, Element expects to achieve annual net revenue growth of 4-6% in normal market conditions. The Company will do so by (i) holding market share through best-in-class client retention; (ii) improving salesforce effectiveness; (iii) better managing client profitability; (iv) converting self-managed fleets in targeted market segments into Element clients using the Company's strengthened financial position and a compelling value proposition; and (v) leveraging its market leadership position in Mexico and Australia / New Zealand. Element will also pursue additional, Armada-like "mega fleet" opportunities, the success of which could drive results above 4-6% annual net revenue growth.

1. "Armada" is the term Element uses to reference one client in particular that the Company does not name due to the client's desire for confidentiality.

19th Capital

Subsequent to March 31, 2020, the Company sold the assets of 19th Capital and settled third party debt at a discount. The net impact of the sale of 19th Capital's assets and the settlement of debt will result in an expected after-tax loss of approximately \$15 million (including closing and severance costs) which will be recorded in the Company's interim condensed consolidated financial statements for the second quarter ending June 30, 2020.

Financial Highlights

	Three-month periods ended		
	March 31, 2020	December 31, 2019	March 31, 2019
(in \$000's for stated values, except per share amounts)			
Consolidated Results			
Net income (loss) for the period	79,358	(116,978)	80,473
Earnings (loss) per share [basic]	0.16	(0.29)	0.16
Net revenue	247,239	256,509	242,227
Adjusted operating expenses ¹	117,917	118,123	120,273
After-tax adjusted operating income attributable to common shareholders ¹	94,491	101,772	89,448
After-tax adjusted operating income per share [basic] ¹	0.22	0.23	0.21

Core Fleet Management Operations

Net revenue	249,201	257,554	237,702
Adjusted operating expenses ¹	114,435	114,957	115,709
After-tax adjusted operating income attributable to common shareholders ¹	98,928	105,205	89,480
After-tax adjusted operating income per share [basic] ¹	0.23	0.24	0.21
Net interest and rental revenue margin or NIM ¹	3.30 %	3.37 %	3.16 %
Total average net earning assets ¹	\$ 11,773,564	\$ 12,011,258	\$ 12,988,903
End-of-period assets under management ¹			
	\$ 17,780,139	\$ 16,710,402	\$ 15,492,500

Core Fleet Management Operations

The following summarizes results from the Company's core Fleet Management operations:

	Three-month periods ended		
	March 31,	December 31,	March 31,
(in \$000's for stated values, except per share amounts)	2020	2019	2019
Net revenue			
Net interest income and rental revenue	191,399	208,302	216,643
Interest expense	94,132	107,040	114,112
Net financing revenue	97,267	101,262	102,531
Servicing income, net	125,847	128,754	117,959
Syndication revenue, net	26,087	27,538	17,212
Net revenue	249,201	257,554	237,702
Adjusted operating expenses¹			
Salaries, wages and benefits	73,195	76,002	78,221
General and administrative expenses	31,299	28,818	27,748
Depreciation and amortization	9,941	10,137	9,740
Adjusted operating expenses¹	114,435	114,957	115,709
Adjusted operating income¹	134,766	142,597	121,993
Provision for taxes applicable to adjusted operating income	24,932	26,367	21,349
After-tax adjusted operating income¹	109,834	116,230	100,644
Cumulative preferred share dividends	10,906	11,025	11,164
After-tax adjusted operating income attributable to common shareholders¹	98,928	105,205	89,480
Weighted average number of shares outstanding [basic]	437,291	435,766	433,616
After-tax adjusted operating income per share ¹ [basic]	0.23	0.24	0.21

¹ See non-IFRS measures, and the Company's Management Discussion & Analysis ("MD&A") for the three-month period ended March 31, 2020 for more information.

Commentary on Core Results

Element originated \$2.0 billion of core assets this quarter, \$195 million less than last quarter and \$318 million more than Q1 2019. The quarter-over-quarter reduction in originations was on account of lower seasonal Armada originations, offset partially by continued strong growth in Mexico and non-Armada U.S. originations. On a year-over-year basis, the 19% increase was fueled by strong growth in the U.S. (including Armada), as well as Mexico and Canada.

Given the temporary closures of several OEM production facilities, the Company expects its Q2 originations to be meaningfully lower than Q1 2020 and Q2 2019 levels.

Core average net earning assets decreased \$237.7 million quarter-over-quarter and \$1.2 billion year-over-year as a result of Element's syndication activity. Core end-of-period assets under management ("AUM") growth quarter-over-quarter, on a constant currency basis, was \$200 million: quarter-over-quarter core AUM growth of \$1.1 billion on its face was materially enhanced by foreign exchange. AUM has grown \$1.9 billion or 12% since Q1 2019 on a constant currency basis. AUM growth is broken down further in the Company's Supplementary Information document (available on its website).

Net financing revenue decreased \$4.0 million quarter-over-quarter and \$5.3 million year-over-year due to the incremental \$11.7

million provision for credit losses taken this quarter in response to the COVID-19 pandemic. (Absent COVID-19, the provision for credit losses this quarter would have been \$0.4 million.) Please see the Company's discussion of this provision, and the resulting quarter-end balance sheet allowance for credit losses, under "Allowance for credit losses" in the "Fleet Management Portfolio Details" section of the Q1 2020 MD&A.

Excluding the impact of the additional provision for credit losses this quarter, net financing revenue performed well, increasing by \$7.7 million quarter-over-quarter and \$6.5 million year-over-year, benefiting primarily from more efficient financing of working capital.

Excluding the impact of the additional provision for credit losses this quarter, Element's net interest and rental revenue margin (or NIM) would have been 3.70%.

While the Company expects short-term pressure on net financing revenue in Q2 2020 from deferred originations and delayed gain on sale revenue from Mexico and ANZ stemming from COVID-19, this should be partially offset by lower overall interest expenses as the working capital typically required to fund originations - and pay clients' incurred service expenses ahead of billing clients for same - remains undrawn from Element's senior credit facility.

Net servicing income for Q1 2020 fell \$2.9 million quarter-over-quarter despite the positive impacts of transformation and FX. The decrease was in part due to lower volumes in March as a result of COVID-19 and in part due to normal seasonal volume reduction from Q4 2019 to Q1 2020. On a year-over-year basis, net servicing income improved this quarter by \$7.9 million or 7% over Q1 2019, with both organic business performance in all geographies and transformation contributing to growth across multiple product categories.

Overall, Element anticipates a meaningful reduction of net servicing income in Q2 2020 due to the broad public health measures implemented to combat the COVID-19 pandemic. Fewer miles driven by the Company's clients will impact service income from fuel, maintenance, accidents and tolls & violations services, and an oversupply of used vehicles for sale and reduced auction house capacity in the U.S. and Canada will delay the realization of remarketing service income.

The syndication market remains open and Element is successfully expanding its universe of investors. The Company syndicated \$834 million of assets in Q1 2020, \$130 million fewer than in Q4 2019 and \$345 million more than in Q1 2019. Both fluctuations were driven primarily by Armada activations, which were higher in Q4 2019 than expected steady-state quarterly Armada volume, while Armada activity was relatively nascent in Q1 2019. Syndication revenue decreased \$1.5 million quarter-over-quarter, while improving as a percentage of assets sold. The Company is anticipating some level of softness in syndication revenue in the second half of this year as it faces a step-down in interest rates.

Adjusted operating expenses were effectively flat quarter-over-quarter and down \$1.3 million from Q1 2019. Transformation savings on salaries, wages and benefits were partially offset by merit increases and the growth of the Company's Armada and syndication teams. General and administrative expenses increased on account of investments in the growth of Element's business in Mexico and capabilities to meet Armada needs, in addition to higher professional service fees in the quarter. The strengthening of the U.S. against the Canadian dollar had a negative impact on quarter-over-quarter operating expenses.

Dividends Declared

The Company's Board of Directors has authorized and declared a quarterly dividend of \$0.045 per outstanding common share of Element for the second quarter of 2020. The dividend will be paid on July 15, 2020 to shareholders of record as at the close of business on June 30, 2020.

Element's Board of Directors also declared the following dividends on Element's preferred shares:

Series	TSX Ticker	Amount	Record Date	Payment Date
Series A	EFN.PR.A	\$0.4333125	June 12, 2020	June 30, 2020
Series C	EFN.PR.C	\$0.388130	June 12, 2020	June 30, 2020
Series E	EFN.PR.E	\$0.368938	June 12, 2020	June 30, 2020
Series G	EFN.PR.G	\$0.406250	June 12, 2020	June 30, 2020
Series I	EFN.PR.I	\$0.359375	June 12, 2020	June 30, 2020

The Company's common and preferred share dividends are designated to be eligible dividends for purposes of section 89(1) of the Income Tax Act (Canada).

Dividend Reinvestment Plan

Element adopted a dividend reinvestment plan (the "Plan") to be administered by Computershare Trust Company of Canada (the "Plan Agent"), which became effective beginning with the fourth quarter dividend of 2018. A complete copy of the Plan is available on Element's website at <https://www.elementfleet.com> or on the Plan Agent's website at www.investorcentre.com/service. Shareholders should carefully read the complete text of the Plan before making any decisions regarding their participation in the Plan.

To be eligible to participate in the Plan, shareholders must be resident in Canada. Shareholders resident outside of Canada (including shareholders who are non-residents of Canada or partnerships other than "Canadian partnerships" (all within the meaning of the Income Tax Act (Canada)) or that are U.S. persons (within the meaning of Regulation S under the Securities

Act of 1933 of the United States)) are not eligible to participate in the Plan.

CEO LETTER TO SHAREHOLDERS

My fellow shareholders,

I hope this note finds you and yours well as we all work to understand and adapt to the COVID-19 pandemic and the resulting impact on lives and ways of life.

The unprecedented nature and far-ranging effects of the pandemic demand a deeper level of executive engagement in the day-to-day operations of the business that might make it difficult to step back and think long term. But we must, and we are.

Our first priority has been to ensure that Element Fleet Management is well-fortified to withstand all threats: our people are safely and productively working from home, the business is delivering a consistent level of operational excellence for our clients, and our liquidity and access to capital have been further strengthened. Having confirmed that the business is properly safeguarded, we broadened our focus to ask ourselves an important question: What does this event change regarding our overarching strategy of ensuring the future success of Element by transforming our business, further strengthening our balance sheet and pivoting to growth?

The answer is nothing. While there will be long-lasting changes as a consequence of this pandemic, the needs we address in the markets we serve will remain fundamentally unaltered. Our strategy will remain both relevant and capable of delivering great value for all of our stakeholders in a post-pandemic world.

We feel very fortunate to have a plan that is appropriate for these unprecedented times, and even more fortunate that we have the ability to stay true to executing this strategy given all the upheaval around us. For many companies and indeed, whole industries, that is not the case; the aftershocks of this event will result in a fundamental shift in how their offerings are produced, delivered and/or consumed.

While we will feel the short-term impact of the economic downturn wrought by COVID-19, the innate defensive attributes of Element's business model - coupled with the work we have done to transform the business and strengthen our liquidity and financial position - see us well-positioned for what we anticipate the fleet management business will look like on the other side of this pandemic.

Our existing blue-chip client base will still need mission-critical service and sales vehicles to support their operations. Some clients will need even larger fleets. Further, we believe an already compelling value proposition will have even more appeal as organizations with self-managed fleets seek alternative funding sources and pursue opportunities to drive down costs and reduce administrative hassle. In short, we believe our fleet financing and management services will remain in high demand.

And as the economy restarts, as market leader we will be best-placed to serve current and prospective clients given our scalable platform, substantial purchasing power, ready access to capital and well-established network of vehicle manufacturers and service providers.

With a strong belief in both the need and our ability to "stay the course," we are managing through this current crisis with a view to preserving Element's opportunities for long-term success. That means that, notwithstanding any short-term pressures, we will continue to invest in our relationships with our clients, in our people and in our business.

Our Clients

We believe this is a time when we can truly shine for clients, deepening relationships for the long term. With approximately one million vehicles under management, we have an unparalleled base of knowledge and relationships that we are making available to our clients as we guide them through these uncertain times. In the first quarter alone, we identified \$604 million in cost saving opportunities for our clients, a third of which is already being actioned.

Further, we are putting our balance sheet to work for clients as we invest in the relationship to the mutual benefit of both parties. Case in point: one of our clients is involved in a significant public infrastructure build that is now delayed by a few months. This client is an 'A' credit, and they are building something vital. They came to us, seeking to extend the term of their lease agreements. And we did, to the benefit of both the client and Element.

Our People

Element's employees are a true source of competitive differentiation; our clients repeatedly tell us this, and I have witnessed it firsthand - with great pride - on many occasions.

Recognizing the value of our people - and after evaluating the trade-off of short-term financial gain versus preserving our capabilities for organic growth opportunities that exist across all five countries we operate in - we have chosen to invest in our people by maintaining the continuity of our workforce through this event.

That means that other than the planned evolution of the workforce contemplated by the transformation program, we are not forecasting any layoffs or furloughs as a result of the pandemic. We will continue to retain the industry-leading skills, experience and insight that make us so valuable to our clients.

We are also spending time on envisioning what the operating model of the future might look like. Eighty-six percent of our

people recently responded to a survey on well-being and told us that they are really enjoying working from home (WFH), citing increased productivity, the absence of commute time and proximity to family. We want to capture this feedback and the other learnings from WFH to design a better employee experience (and thus a better client experience).

Our Business

We will complete the full \$180 million of investment to bring the transformation of our fleet management business to a successful conclusion by the end of the year, cementing an industry-leading consistent, superior client experience and generating \$180 million in annual run-rate profitability improvements.

We will also continue to invest in our syndication capabilities and Armada operating capabilities to support these two sources of growth that emerged in 2019. Further, having identified significant organic growth opportunities that can contribute 4% to 6% in annual net revenue growth, we will rapidly build out our commercial capabilities so that we can fully capitalize on same.

While we will of course be disciplined in our spending, we will not rashly cut costs in response to this event. Simply stated: We will not make decisions designed to cushion our earnings for a few quarters at the expense of growth for years to come.

Our ability to make these investments in pursuit of our long-term objectives is - in large part - due to our financial discipline. We have made 'strengthening the balance sheet' a strategic imperative from the very outset of our transformation journey. The steps we have taken over the past eighteen months have - unbeknownst to us at the time - positioned us well to withstand the financial pressures of this pandemic. Additionally, the planned actions for the remainder of the year will allow us to further strengthen our financial position, achieving our all-important target of sub-6x tangible leverage.

While we all want for a very different world than that we currently occupy, "this too shall pass". We have prepared for the worst and are readying for the inevitable opportunities that will come thereafter.

Wishing good health to you and your families,

Jay Forbes
President & Chief Executive Officer
Element Fleet Management

Conference Call and Webcast

A conference call to discuss these results will be held on Monday, May 11, 2020 at 7:00 p.m. Eastern Time. The conference call and webcast may be accessed as follows:

- Webcast: <http://services.choruscall.ca/links/elementfleet20200511.html>
- North America Toll-Free: 1-800-319-8560
- International: 1-604-638-5345
- Passcode: 86810#

The webcast will be available on the Company's website for three months. A taped recording of the conference call may be accessed through June 11, 2020 by dialing 1-800-319-6413 or +1-604-638-9010 and entering the access code 4429.

Non-IFRS Measures

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the accounting policies we adopted in accordance with IFRS.

The Company believes that certain non-IFRS measures can be useful to investors because they provide a means by which investors can evaluate the Company'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. Throughout this News Release, management used a number of terms and ratios 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 the Management Discussion & Analysis that accompanies the unaudited interim condensed financial statements for the quarter ended March 31, 2020.

Element's unaudited interim condensed consolidated financial statements and related management discussion and analysis as at and for the three-month period ended March 31, 2020 have been filed on SEDAR (www.sedar.com).

About Element Fleet Management

Element Fleet Management (TSX: EFN) is a leading global fleet management company, providing world-class services and financing for commercial vehicle fleets. The Company enjoys scale and leadership in key markets, a top-tier client base, strong cash flow and ready access to capital, and an investment-grade balance sheet. Element's suite of services spans the total fleet lifecycle - from acquisition and financing to program management and remarketing - helping clients optimize performance and improve productivity. For more information, visit www.elementfleet.com.

This press release includes forward-looking statements regarding Element and its business. Such statements are based on the current expectations and views of future events of Element's management. 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, including, among others, statements regarding Element’s improvements to run-rate profitability; enhancements to clients’ service experience and service levels; enhancement of financial performance; improvements to client retention trends; reduction of operating expenses; increases in efficiency; run-off of the 19th Capital portfolio; plans to sell its interests in non-core assets; terms of the dividend reinvestment plan; transformation of its core business; creation of value for all stakeholders; expectations regarding syndication; growth prospects; level of workforce engagement; improvements to magnitude and quality of earnings; funding of the transformation; executive hiring and retention; process and infrastructure transformation; focus and discipline in investing; balance sheet management and plans to reduce leverage ratios; anticipated benefits of the balanced scorecard initiative; and expectations regarding financial performance. 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 statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Such risks and uncertainties include those regarding the ongoing COVID-19 pandemic, risks regarding the fleet management and finance industries, economic factors, risks related to the payment of dividends, risks related to business integration and many other factors beyond the control of Element. A discussion of the material risks and assumptions associated with this outlook can be found in Element’s annual MD&A, and Annual Information Form for the year ended December 31, 2019, each of which has been 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 undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Contact:

Michael Barrett
Vice President, Investor Relations
(416) 646-5698
mbarrett@elementcorp.com