Element Fleet Management

WELCOME AND FACILITIES TOUR

Truck Specification and Acquisition
Customer Care Center
Strategic Consulting
This presentation 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. Forward-looking statements in this release include those related to Element’s origination targets for 2014 and the expected incremental revenue to be generated from the acquired structured finance team. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting Element, including risks regarding the equipment finance industry, economic factors and many other factors beyond the control of Element. 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. 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.
Corporate Update

STEVEN HUDSON
Corporate Update

- Market insights
- Fleet Management integration
- Transportation Structured Finance
- Debt private placement
Equipment Market Perspective

ELFA Data

- YTD 2014 new business up 6% over 2013
- August 2014 new business up 13% over 2013

Trinity Order Book

- Q1-2014 42,630 units US$5.2 billion
- Q2-2014 45,350 units US$5.5 billion

Net Truck Orders¹

- Class 5 to 7 106,600 units in H1-2014 up 12.5% vs. 2013
- Class 8 168,000 units in H1-2014 up 28% vs. 2013

Note 1: Monitor Daily and ACT Research
Corporate Update

- North American Focus
- Helicopter Market
- Transportation Structured Finance
  - Fee-based income
  - Rail opportunities
  - Aviation opportunities
- Balance sheet development
Fleet Integration Update

Offices

- Canadian offices consolidated Sept 25, 2014
- Canadian call centres consolidated Sept 25, 2014
- Edmonton, Vancouver, Montreal, Calgary to be completed November 30, 2014

IT Platform

- December 31, 2014 – One platform for North America

Synergies

- $15 million annual cost synergies secured to-date
- All activities on target with amount and timeline
- Consolidated Canadian Treasury program
Fleet Industry Perspective

What is Fleet?

• Broad range of service offerings (only one of which is finance)
• Fee for service business with vehicle at the center as our driver
• Provides complete end to end management solutions for fleets of assets

Why Customers Use Fleet and Why Element Fleet?

• Manages high (top 5) spend for clients with mission critical assets
• High level of expertise and broad offerings required
• Trusted partner with high satisfaction level and retention rate

Why Element strategically pursued the Fleet business?

• Stable but growing
• Not a pure money over money business
• High margin, high retention recurring fees business (subscription like)
• Low credit losses
Element Fleet is now empowered with

- Best-in-class solutions
- Growth capital
- Focused ownership
Fleet Management

What? A collection of functions that manage the activities of a company's transportation assets

- Vehicle acquisition
- Vehicle funding
- Title / registration/delivery
- Fleet consulting
- Fuel management
- Maintenance management
- Accident management
- Risk and safety services
- Vehicle remarketing
- Environmental programs
- DOT regulatory and compliance programs

Why?

- Thousands of businesses and organizations throughout the world provide company cars and trucks to their sales, service and management personnel
- Often one of the top five non-product costs for an organization
- The vehicle fleet is an essential tool for enabling company employees to perform their jobs – and environmental programs
- Managing this function means reducing costs while simultaneously increasing the productivity of the people who drive those cars and trucks
Commercial Fleet Leasing Industry Overview

**MARKET OVERVIEW & TRENDS**
- Commercial fleet market in the North America consists primarily of cars, light-duty and medium-duty trucks utilized in sales, service or delivery applications
- Growth opportunities from market share takeaway, conversion of historically self-managed fleets, and product/service innovations
- Mix in marketplace reflects higher proportions of work trucks/service vehicles over executive/sales cars, with higher acquisition costs, more complex upfitted equipment, longer service lives, and regulatory compliance

**OUTLOOK**
- There are eight fleet management companies with the size, technology and services to compete nationally
- Frost & Sullivan reported that the fleet lease market has increased to recover units lost in 2008-2009 recession, and projects 3.7% growth in new lease origination revenue CAGR 2012-2020
- Competitive landscape has shifted to more than just financing as clients look for consultative service partners for prescriptive cost savings recommendations, as well as support in achieving those results
- Further consolidation opportunities exist as traditional players look for ways to achieve and leverage scale
- Expected replacement volumes are strong, driven by vehicle design and technology innovations that impact operational costs, safety, and compliance

**LEADING US FLEET LESSORS**

**Source:** *Automotive Fleet, 49th Fact Book Guide, Vol. 43, No. 8, pg 50. 2013 values. Unit counts are self reported by respective companies.*
Buyer Journey from need to solution

Typical Buyer Decision Criteria
- Total Cost of Ownership
- Change management
- Data science
- Supply chain management
- Changes in contract terms and client contacts
- Process efficiencies
- Leading the market
- Influence of third-party consultants

- Enhanced activity seen with ownership certainty
- Services ramp up ~ 90 days post contract execution
- Assets roll on over a 3-8 year period, based on service lives and replacement policies
## Competitive Landscape

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>FIRM/PROFILE</th>
<th>UNITS(^1)</th>
<th>POSITIONING(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Fleet</td>
<td></td>
<td>963,002</td>
<td>Only other credible North American supplier. Bias towards truck / complex commercial fleets and government clients.</td>
</tr>
<tr>
<td>Core Fleet</td>
<td>GE Capitol Fleet Services</td>
<td>829,731</td>
<td>GE brand and cross-business-unit sales process. Targets large corporate fleets with simple/standard assets. No presence in Canada.</td>
</tr>
<tr>
<td>Core Fleet</td>
<td>LeasePlan</td>
<td>385,000</td>
<td>Global player with 31 countries plus 2014 addition of regional Canada licensed partner, Foss.</td>
</tr>
<tr>
<td>Core Fleet</td>
<td>wheels</td>
<td>312,600</td>
<td>Bias toward large (&gt;700) and simple sales fleets, with focus on service. Minimal presence in Canada.</td>
</tr>
<tr>
<td>Core Fleet</td>
<td>DONLEN</td>
<td>200,200</td>
<td>Mid-size fleet focus, aligned with Hertz/HERC rental solutions. Partners with Jim Pattison in Canada.</td>
</tr>
<tr>
<td>Core Fleet</td>
<td>Enterprise</td>
<td>300,924</td>
<td>Local service provider, often co-located with rental branches in ~60 US metro areas and Toronto. Sells full-service maintenance to small to mid-sized fleets.</td>
</tr>
<tr>
<td>Truck</td>
<td>Full service lease providers</td>
<td>various</td>
<td>Short-term rental and full-service leases through proprietary maintenance shops/network. Offers logistics and telematics. Examples: Ryder, Penske.</td>
</tr>
<tr>
<td>Truck</td>
<td>Specialty lessors</td>
<td>various</td>
<td>Focus on lease and cost management. Examples: FleetAdvantage, Idealease.</td>
</tr>
<tr>
<td>Material Handling</td>
<td>OEMs, affiliates / distributors</td>
<td>various</td>
<td>Focus on moving equipment volumes through distribution networks for sales and services. Top five have 90% share. Examples: Toyota, Yale, Crown.</td>
</tr>
<tr>
<td>Material Handling</td>
<td>Equipment managers</td>
<td>various</td>
<td>Supplement to company- or OEM-funded providers. Fragmented with no clear leader. Examples: Lift Solutions, MH Fleet, Weis3.</td>
</tr>
<tr>
<td>Material Handling &amp; Truck</td>
<td>Banks</td>
<td>various</td>
<td>Funding only, focusing on low rates but lacking associated services.</td>
</tr>
</tbody>
</table>

Sources: \(^1\) Units under management in US and Canada from *Automotive Fleet*, 49th Fact Book Guide, Vol. 43, No. 8, pg 50. 2013 values. \(^2\) Element Fleet Management assessment.
Fleet vehicles are critical expenditures for our clients that support sales reps, service technicians and other key field-based service functions.

Our clients have significant fleet needs beyond base lease product that are more efficiently and effectively managed by Element, such as: fuel, maintenance, accidents and temporary rental car needs, titling, tax, licensing and driver support activities.

Minimize vehicle costs:
- Specification and purchase
- Financing
- Fuel
- Maintenance and repair
- Regulatory
- Remarketing
- Regulatory compliance

Improve productivity:
- Maintenance and accident repairs
- Rental cars
- Safety training and collision prevention
- Telematics
- Mobile applications for drivers and clients

Fee revenue is earned for ancillary services through both recurring monthly charges and transactional activity.

Illustrative Client Vehicle Monthly Cost

1 Source: Element internal analysis, US fleet.
VISION
To be the indispensible partner for asset financing and fleet management solutions.

MISSION
To bring compelling value and competitive advantage to our customers through best-in-class Fleet outsourcing and financing solutions.
## Element Fleet Management

### Comprehensive Category Leadership
- Industry leader in fleet financing and innovation of value-added services
- #1 fleet management company in Canada, #3 in US with $5B of lease assets
- Scalable platform providing innovative, end-to-end services and leading technology
- ~2,500 fleets / ~660K units under management in North America

### Customer Profile
- Diversified, long-tenured, and high-quality customer base of commercial customers, including one-third of Fortune 500
- Target fleets > 100 units in the US and > 10 units in Canada
- High levels of renewal and satisfaction yield long-term relationships: 117 clients > 20 years, 62 clients > 30 years, 41 clients > 40 years, 29 clients > 50 years, 15 clients > 60 years

### Geographic Scope
- Nine offices across North America, plus field-based sales and support teams provide local market engagement, expertise, and operational resilience
- Access to multi-national corporations through North American operations and global partners across 45 countries

### Management and Staff Expertise
- Strong North American management team with an average of 17 years of industry and 15 years of Element Fleet Management experience
- Average employee tenure of nearly 10 years

### Attractive Financial and Operational Profile
- Profitable business with high margin services contribution of ~55% Lease:45% Services with recurring revenue streams from both clients and suppliers
- Track record of double-digit ROE with negligible credit losses, favorable tax dynamics, and highly efficient funding sources
- Greater appetite and cross-selling opportunities across a broader array of assets
Category Leadership

- Comprehensive customer solution suite, with foundation to capitalize on outsourcing mega-trend
- Robust asset acquisition, management and transaction processing technology
- Services create sticky customer relationships and steady recurring revenue streams
- Managed supplier network is difficult to replicate
- Significant purchasing power, scale, and leverage
- Industry-leading benchmarking data set for customer consulting and portfolio management
- Multi-year client buying cycles and contractual commitments
- Substantial capital requirements for leased assets and service fee float
- Deep domain expertise of staff and management team
- Steady performance through economic cycles
Customer Profile

- Target customers are commercial organizations with more than 10 fleet vehicles in Canada and more than 100 fleet vehicles in the United States
  - Serving over one-third of Fortune 500 companies
  - Stable and credit-worthy brands
  - Diversified industry and client representation

- Retention in upper 90s, with 250+ clients who have been with Element Fleet Management for more than 20 years and utilize multiple services
Geographic Scope: Element-Arval Global Alliance

Managing over 2 million vehicles worldwide

- **Element**
  - Canada
  - USA
  - 662,000 vehicles
  - CAN: Mississauga, Calgary, Edmonton, Montreal, Vancouver
  - US: Sparks, Houston, Plantation, Denver

- **Arval Global Alliance**
  - Austria
  - Belgium
  - Brazil
  - Czech Republic
  - China
  - Denmark
  - Finland
  - France
  - Germany
  - Greece
  - Hungary
  - India
  - Italy
  - Luxembourg
  - Morocco
  - Netherlands
  - Poland
  - Portugal
  - Romania
  - Russia
  - Slovakia
  - Spain
  - Switzerland
  - Turkey
  - United Kingdom
  - 740,000 vehicles

- **Comercial Ariete**
  - Mexico
  - 4,000 vehicles

- **Mareauto S.A.**
  - Colombia
  - Ecuador
  - Peru
  - 2,800 vehicles

- **Avis Fleet Services**
  - Botswana
  - Ghana
  - Lesotho
  - Mozambique
  - Namibia
  - South Africa
  - Swaziland
  - 307,000 vehicles

- **Windor Fleet Inc.**
  - Ireland
  - 740,000 vehicles

- **Comercial Ariete**
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Geographic Scope: Arval Analytics

- Offers quick, intuitive navigation and advanced functionality
- Provides access and visibility to global fleet data in one location
- Highlights strategic fleet KPIs globally per country and per business units
- Empowers executive decision makers to control, anticipate and optimize TCO
- Simulates potential future fleet costs based upon various policy levers
Portfolio Diversification
Fleet Portfolio Overview: Asset Type

- Assets are diversified further by major manufacturers and across model lines (i.e. Ford, Chrysler, GM)
- Customer bears residual risk on 98% of portfolio (open-end leases)

Note: Element Fleet Management consolidated management estimates
Fleet Portfolio Overview: Geography

• Fleet portfolio is geographically dispersed: US 66%, Canada 34%
• Largest province is Ontario with 11%, largest state is Texas with 6%
• Top 10 state/provinces account for 56% of the portfolio
• Top 20 state/provinces account for 76% of the portfolio

Note: Element Fleet Management consolidated management estimates
Fleet Portfolio Overview: Industry

- Manufacturing Industries, 32%
- Wholesale Trade Industries, 11%
- Communication & Other Utility Industries, 10%
- Construction Industries, 8%
- Business Service Industries, 5%
- Retail Trade Industries, 4%
- Finance & Insurance Industries, 4%
- Real Estate and Rental and Leasing, 4%
- Healthcare and Social Assistance, 4%
- Mining, Quarrying & Oilwell, 9%
- Other, 10%
- Professional, Scientific and Technical Services Industries, 2%
- Information and Cultural Industries, 2%
- Transportation & Storage Industries, 1%
- Other, 5%

• Minimal industry risk
• Good alignment with growth sectors

Note: Element Fleet Management consolidated management estimates
Fleet Portfolio Overview: Credit Quality

- High credit quality portfolio of assets
- Historical credit losses less than 0.10% of book value for over five years
- Clients continually monitored and subject to full annual reviews

Note: Element Fleet Management consolidated management estimates
Fleet Portfolio Overview: Loss History

- Losses as a percentage of book value are negligible
- 2011 impact was Circuit City bankruptcy that went to liquidation
- Negative numbers represent net recoveries

Note: Legacy PHH management estimates, $US
Fleet Portfolio Client Concentrations

- **Diversified client base**
  - No client is more than 3% of portfolio
  - Top 10 clients are ~ 18% of portfolio
  - Top 25 clients are ~ 33% of portfolio
  - Clients spread across many industries

- **High underwriting standards**
  - Periodic formal credit reviews at least annually
  - Underwrite as a credit lender, not a collateral lender
  - Obtain credit enhancement as appropriate

Note: Element Fleet Management consolidated management estimates
Fleet Portfolio Overview: Geographic Diversification

Revenue is diversified which minimizes economic volatility and risk

Note: Element Fleet Management consolidated management estimates
Service revenues add “stickiness” to fleet customers due to value created from consultation and demonstrated savings

Lease revenues add “stickiness” due to lease term

Service revenues enhance lease yield, adding over 300bps

Legacy PHH Fleet revenue mix 60% Lease income : 40% Service revenue and growing compared to legacy Element Fleet 75% : 25% mix

Every 1% increase in Element Fleet portfolio mix represents ~ $700K annual revenue

Note: Element Fleet Management consolidated management estimates
Products and Services
Fleet Customer Value Drivers: Service, Technology and Consulting

Note: Legacy PHH management estimates, $US

~ 250K leased units
~ 530K service units
Product and Service Highlights

- Efficient, scalable technology platform, FleetSelect®, drives flexible ordering and approval workflows
- In-house truck engineering and specification experts
- Preferred Dealer Network meets high standards for vehicle delivery performance and driver convenience
- Concierge program, including door-to-door delivery

Key Statistics

- More than 59,000 vehicles purchased in 2013
- Over 12,000 quality-focused, fleet-minded dealers
- Tiered network of upfitters and specialty suppliers for commercial vehicles
- Revenue earned through: Vehicles purchased, factory order incentives and administrative fees
- Revenues recognized over assumed lease life
Product and Service Highlights

- Financing is the customer attachment point that leverages other value-added services
- Open-end leases where lessees bear residual risk, with minimal residual guarantee to meet operating lease treatment
- Fixed- or floating-rate interest options, with spread income and earnings on equity and deferred taxes
- Management fees included in lease contract

Key Statistics

- Open-end leases account for 98% of vehicles financed
- Extremely low rate of default, averaging <10 bps of segment’s net investment in leases over last 5 years
- Revenue earned through: Net financing spread income
- Leased inventory of ~250,000 units
Product and Service Highlights

- Minimizes risk and reduces the cost and complexity of fleet accidents for clients
- Focuses on driver productivity, cost management, and information and consultation
- 24-hour coverage, 365 days a year by award-winning Customer Care contact center
- Full cycle offering: accident reporting, repair transaction and cycle management, claims recovery, and superior subrogation performance
- Comprehensive information available online to clients and suppliers via InterActive® and mobile applications

Key Statistics

- Annual accident rate of 17% across portfolio, representing ~ 50,000 annual incidents
- Revenue earned through: Incident fees, percentage of successful subrogation claims
- $85M total spend through suppliers in 2013

Note: Legacy PHH management estimates, $US
Product and Service Highlights

- Expanded capabilities on one service card
  - Point-of-sale processing
  - Security and authorization controls
  - Online access to detailed reporting
  - Single bill for all vehicle services

- Comprehensive information available online via InterActive portal and mobile apps: history of fuel charges, fuel type and supplier analysis, summary and exception reports, benchmarking

- Solutions for all asset types

Key Statistics

- Routine transactions outsourced in US to independent fuel network with over 150,000 accepting locations and strong point-of-sale controls

- In-house managed solution in Canada

- Revenue earned through: Service cards, interchange/ discounts from suppliers

- $1.3B spend with suppliers in 2013, purchased on behalf of customers

Note: Legacy PHH management estimates, $US
**Product and Service Highlights**

- Repair negotiation and screening for duplication, overselling and warranty; with line-item audits, centralized billing, and detailed data capture, analysis by case management team
- Goodwill recoveries outside of standard warranties
- 24-hour/365 days coverage by award-winning Contact Center
- Flexible policy administration and authorization to minimize cost and reduce driver and vehicle downtime
- Comprehensive information available online to clients and suppliers via InterActive portal and mobile apps
- Scalable platform for other programs and asset types

**Key Statistics**

- Revenue earned through: Service cards, monthly per-unit fees, per-incident fees for out-of-network transactions, rebillers fees and volume incentives
- $477M spend with suppliers in 2013

Note: Legacy PHH management estimates, $US
**Product and Service Highlights**

- Conservative lease terms coupled with strong remarketing efforts lead to consistent gains-on-sale for clients upon vehicle disposal
- Extensive, varied multi-channel network strategy
  - Auctions (including private lanes)
  - Dealers
  - Marketing Centers (54 retail-capable locations including new Commercial Truck Center)
  - Retail Consignment
  - Client / driver / employee sales
  - Online venues
- Personal representation at auctions maximizes returns
- Consistently exceeds market average performance

**Key Statistics**

- Revenue earned through: Per incident fees from clients and suppliers
- Revenue growth driven by volume changes and unique client remarketing initiatives
- More than 60,000 vehicles sold in 2013

Note: Legacy PHH management estimates, $US
Product and Service Highlights

- Helps clients reduce risk and costs and identify fraud while driving revenue through greater productivity
- End-to-end program management includes equipment solutions/installation, exception reporting and consulting/trend analysis
- Typically results in reduced fuel use and improved driver and asset productivity, safety, and compliance with fleet policies, including fraud detection
- Other benefits from closer tracking of vehicle inventory and activity include greater route productivity and service, completion ratios, all with validated arrival and work times

Key Statistics

- Revenue earned through: Client and supplier fees
- Growing acceptance and lower device costs are driving strong market adoption trends

Note: Legacy PHH management estimates, $US
The Situation

• With 5,500 service vans, Safelite wanted to increase driver safety and reduce costs

The Solution

• Safelite piloted telematics in 120 vehicles in three different areas around the country for more than 90 days
• Focus was on reducing gas consumption and increasing safe driving behaviors
• Client presented results to senior management, which led to deployment in the whole fleet

The Impact

• Safelite saved $2.5 million in first year of deployment
• Monitored driver behavior to increase safety
• By reducing each field office’s cost per customer, telematics made each office more profitable – enhancing manager buy-in to the program

$2.5 million savings in first year
Other Key Services

Violations /E*Toll Compliance
- Suite of services to reduce costs associated with traffic, parking, red light, speeding tickets and electronic tolls
- Includes policy consulting, processing, prevention/mitigation
- ~60,000+ violations processed per year
- Revenue earned through: monthly and per incident client fees

Rental Services
- Equipment rental program ensures short-term rentals are consistent with policy and enhance driver productivity
- All vehicle types, from vans to sleeper tractors and reefers
- Secures the right equipment at the right time
- Bill-pay and invoice consolidation, auditing, usage tracking
- Revenue earned through: per incident client and supplier fees

Licensing & Regulatory Compliance
- Manages and inventories correct titles for every vehicle, including processing for sold vehicles
- Maintains clients’ legal compliance to avoid costly fines, penalties, impoundment and lost productivity
- Phone response team available 8am-8pm ET Monday – Friday for processing along with consulting services
- 288K units under title retention program
- Revenue earned through: per incident client and supplier fees

Risk & Safety
- Identifies high-risk drivers via Motor Vehicle Record Checks, High Risk program, Driver Profile program
- Trains drivers to reduce accidents across all delivery modalities, from instructor-led to self-paced online training and live webinars. Center for Transportation Safety provides customized classroom, simulator and behind-the-wheel driver training.
- Revenue earned through: monthly and per incident client fees
Capabilities Highlights

- Experts review data and patterns, and through total lifecycle cost (TCO) analysis render actionable financing and operational insights for fleet policy optimization.
- Performance reviews across vehicle lifecycle result in suggested vehicle selectors, cycling times, remarketing practices, and risk & safety programs along with expected financial outcomes.
- Consulting studies and recommendations are aligned with client-specific strategic objectives.
- Savings of 8 - 20% are typically identified for new clients, relative to total cost of fleet ownership and operations.

Focus Areas

- **Industry Leadership Profile** – Industry data aggregation and synthesis, white papers, case studies and policy surveys.
- **Innovative Tools & Models** – Model Year Life Cycle Cost Model, Xplore®, Cost and Return on Investment Simulators to extract meaningful insights from client-specific, portfolio, industry data.
- **Consultative Engagement & Custom Analytics** – Collaboratively exploring opportunities to align fleet optimization initiatives with clients’ overall business goals by combining data, technology, expertise and predictive insights into quantifiable results.

Rich proprietary database enables relevant benchmarking and actionable recommendations that reduce costs for clients and improve fleet performance.
## Strategic Consulting Results: Cost Savings, Driver and Asset Productivity

<table>
<thead>
<tr>
<th>Hilti</th>
<th>Thermo-Fisher</th>
</tr>
</thead>
</table>

### Challenge
- **Hilti**
  - 1,200 fleet vehicles weren’t meeting MPG goals
  - Wanted better upfitting and ergonomics
  - Company also wanted to become a sustainability leader

- **Thermo-Fisher**
  - Thermo-Fisher was consolidating its fleet with Element Fleet from two other fleet management companies
  - There was an immediate need for 2% fleet savings

### Opportunity
- **Hilti**
  - Ride-alongs showed overloading negatively impacted fuel efficiency
  - Extensive study included selector analysis, opportunities for telematics and alternative fuel vehicles

- **Thermo-Fisher**
  - Strategic Consulting conducted analysis of situation
  - Strong used vehicle market; high incentives being offered by motor companies
  - Element recommended short-cycling of certain units
  - Total of 1,650 units identified for replacement

### Savings Impact
- **Hilti**
  - Selector changes: $220K
  - Fuel: $90k – $170K
  - Reduction in idling: $890K
  - Personal Use Charge: $720K - $1.4M

- **Thermo-Fisher**
  - Amortization: $1.4M
  - Fuel: $500K
  - Maintenance: $200K
  - Gain on sale: $5.1M
  - Interest: $300M

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$1.9 - $2.7 million in identified savings

$7.5 million in identified savings
Growth Strategy
To drive growth and lead our customers by delivering end-to-end solutions that maximize the productivity of their employees and assets at the lowest possible cost.

1. **Pursue focused growth initiatives and ongoing core services expansion**
2. **Enhance effectiveness of commercial organization and processes**
3. **Transform service delivery model to align with market needs and expectations**
4. **System and management capacity to support bolt-on acquisitions as industry continues to consolidate**
Focused Growth Initiatives

- New Asset Types
- New Services
- Core Services

- Technologically-enabled services
  - Telematics and Driver Behavior Management
  - Violations Management
  - End-to-end Risk & Safety solutions
  - Further outsourcing spectrum

- Financial solutions
  - Expanded capacity to fund trucks and equipment
  - Cross-sell other Element verticals: Vendor Finance, Railcars, Aviation

- New Customers
  - Current products – New customers
  - New products – Current customers

- Current Customers
  - Vendor Finance, Railcars, Aviation

- Material Handling Equipment acquisition, maintenance, and related services
Material Handling Equipment Opportunity

**Market Size**
- North American Sales of 175K+ assets annually (2013)*
- Projected annual growth of 5% through 2018 *
- Unmanaged assets within existing Element client portfolio (estimated 30K-40K units)

**Market Needs and Feedback**
- No visibility into non-core equipment inventory and ongoing costs across distributed operations
- Challenges validating needs for new equipment purchases, identifying the right asset for the application, and determining when assets beyond their economic life
- Inconsistently applied policies and limited industry knowledge resulting in wasted time and money
- Reliance on local brand-aligned OEM dealers
- Lack of available integrated programs to acquire, maintain, and dispose of material handling assets

**Competitive Landscape**
- Financing
  - Banks
  - Other Fleet Companies
  - OEM Captive
- Services
  - National (BEB, TFS, CJK)
  - OEMs (Crown, Toyota, Hyster, Yale)
  - Regional (Equipment Depot, Eastern)
  - Other Fleet Companies

* Source: Modern Materials Handling

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No single provider can deliver brand-independent end-to-end solutions for financing and servicing
Material Handling Equipment

End-to-end solutions designed to meet your equipment needs
Material Handling: ModSpace Success

Making the right lease versus rent decisions

The Situation
- ModSpace’s corporate office had no visibility into forklift inventory or related costs across branch locations
- Branches believed rentals were better option than leasing new equipment

The Solution
- As part of the fleet implementation, Element gathered and analyzed equipment inventory
- Element identified three branches where high cost rentals were being used, and located/purchased forklifts that fit their specific needs
- Focused on providing leasing options that cost less than the current rental cost

The Impact
- Client saved nearly 70% by leasing rather than renting material handling equipment

Fleet profile
- Industry: business services
- 150 forklifts spread across 80 branch locations

Nearly $500K over service life
Commercial Excellence Programs

Market and Prospect Development

- Investments in public relations, marketing, and digital presence
- Thoughtful transition from small division of mortgage company to pure-play equipment leasing and services leader
- Expanded in-territory sales staff, asset specialists, and supply chain experts
- Disciplined territory development processes and programs

Active Selling Cycles

- Increased sales enablement and RFP response capabilities
- Sales success coaching, tracking, and analysis
- Integrated North American and global bids
- CRM system maximizes visibility and productivity

Customer Engagement, Retention and Growth

- Strategic account development plans to grow originations, services, utilization, and share-of-wallet
- Satisfaction measured, then enhanced through service quality initiatives
- Product innovation: Telematics, Material Handling Equipment, Violations, and Risk & Safety
Service Delivery Transformation

Streamline, North Americanize, and scale fulfillment processes

Optimize supplier integration and service levels

Automate multi-channel communications to clients, drivers and shops/providers

Extend and refine data quality for self-service transactions, automated decisioning, and prescriptive recommendations

Transition to common platform, then transform

Best-of-the-best concepts

Better management of end-to-end repair cycles and downtime for trucks and equipment

Operational efficiency

Supplier network rationalization

Structured performance rating systems to drive volume to outlets with best service / satisfaction

Value to customers: volume, retention, experience

Improves Element Fleet Management operational execution and new product / revenue opportunities