New Flyer Announces 2018 First Quarter Results and Increases Annual Dividend Rate

May 9, 2018

Summary of 2018 Q1 results compared to 2017 Q1 (U.S. Dollars except as noted):

- **Revenue of $578.7 million increased by 1.2%.**
- **Adjusted EBITDA of $73.8 million increased by 3.4%.**
- **Net earnings of $30.4 million decreased by $7.5 million primarily as a result of past service pension cost adjustment and unrealized foreign exchange loss on non-current monetary items. Resulting earnings per share of $0.48 decreased by $0.13.**
- **Dividends declared of C$20.5 million, which increased 39.5% year-over-year.**
- **Total leverage ratio of 1.90 increased slightly from 1.84, while interest coverage ratio decreased from 17.15 to 16.68.**
- **Last twelve months Return on invested capital of 15.4% increased from 14.6%.**
- **Board approves annual dividend rate increase of 15.4% from the current rate to $1.50 per share.**

WINNIPEG, May 9, 2018 – New Flyer Industries Inc. (TSX:NFI) (the "Company"), the largest transit bus and motor coach manufacturer and parts distributor in North America, today announced its financial results for the 13-week period ended April 1, 2018 ("2018 Q1"). Full unaudited interim condensed financial statements and the Management's Discussion and Analysis (the "MD&A") are available at the Company's website at: https://www.newflyer.com/content/investor-relations/performance-reports/. Unless otherwise indicated all monetary amounts in this press release are expressed in U.S. dollars.

2018 First Quarter Financial Results

Year-over-year comparisons reported in the MD&A compare 2018 Q1 to the 13-week period ended April 2, 2017 ("2017 Q1"). Organizational changes to better align business functions within operating segments were made effective January 2, 2017. This organizational change was implemented in two phases. In 2017, over-the-counter parts sales were moved from the coach operations to aftermarket operations. In 2018 the service function, comprised of technical service management and customer training, which was previously managed by the aftermarket operations, of MCI only, was moved to the coach manufacturing operations. To improve the comparability between periods, the related prior year segment information has been restated to reflect these changes.

Transit Bus and Coach Deliveries (EUs)	**2018 Q1**	**2017 Q1**	**% change**
New transit bus, coach and cutaway	993	892	11.3%
Pre-owned coach	64	65	(1.5)%
Average EU selling price (in thousands)			
New transit bus, coach and cutaway average selling price	$ 469.9	$ 525.6	(10.6)%
Pre-owned coaches average selling price	$ 127.1	$ 109.5	16.1%

Volume increased as a result of higher transit bus deliveries and the inclusion of ARBOC deliveries offset by a reduction in motor coach deliveries. Motor coach deliveries are seasonal, with comparatively strong fourth and softer first quarters; however 2017 Q1 deliveries were stronger as a result of recovering New Jersey Transit deliveries following the contract deferral in 2016. Additionally, management believes tax changes in the U.S., related to accelerated depreciation, resulted in a seasonably stronger 2017 Q4, followed by a weaker 2018 Q1.

Consolidated Revenue (dollars in millions)	**2018 Q1**	**2017 Q1**	**% change**
New transit bus, coach and cutaway	$ 466.6	$ 468.8	(0.5)%
Pre-owned coach	8.1	7.1	14.1%
Fiberglass reinforced polymer components to 3rd parties	3.9	—	100.0%
Manufacturing	478.6	475.9	0.6%
Aftermarket	100.1	96.2	4.1%
Total Revenue	$ 578.7	$ 572.1	1.2%

Revenue from manufacturing operations for 2018 Q1 increased by 0.6% compared to 2017 Q1. The increase in 2018 Q1 revenue primarily resulted from a 11.3% increase in new transit bus, coach and cutaway deliveries compared to 2017 Q1 deliveries, as well as the inclusion of the revenue to third parties for the fiberglass reinforced polymer components operations. This increase was offset by a 10.6% decrease in average selling price per EU in 2018 Q1 compared to 2017 Q1. Manufacturing business revenue for 2018 Q1 of $478.6 million is $6.2 million lower when compared to proforma manufacturing business revenue (which includes ARBOC) for 2017 Q1.

The decrease in average selling price is the result of normal volatility, changes in the product sales mix and the inclusion of ARBOC's units which have a substantially lower selling price than the average heavy-duty transit bus or motor coach.

Revenue from aftermarket operations in 2018 Q1 increased by 4.1% compared to 2017 Q1.

Net earnings (dollars in millions)	**2018 Q1**	**2017 Q1**	**$ change**
Earnings from operations	$ 51.8	$ 59.2	-7.4
Non-cash gain (loss)	(3.1)	1.4	(4.5)
Interest expense	(3.8)	(4.0)	0.2
Income tax expense	(14.5)	(18.7)	4.2
Net earnings	$ 30.4	$ 37.9	-7.5
Net earnings per share (basic)	$ 0.48	$ 0.61	$ (0.13)

Net earnings during 2018 Q1 decreased by $7.5 million compared to 2017 Q1 resulting in a decrease in net earnings per common share ("Share") in 2018 Q1 of $0.48, compared to $0.61 per Share in 2017 Q1 primarily as a result of the following events: $3.9 million past service cost adjustment (net of tax) related to a collective bargaining agreement which commenced on April 1, 2018 and a $2.8 million (net of tax) unrealized foreign exchange loss on non-current monetary items. The impact of these events to net earnings per share was $0.11.

Management believes that ROIC is an important ratio and metric that can be used to assess investments against their related earnings and capital utilization. ROIC during the last twelve months ended April 1, 2018 was 15.4%, as compared to 14.6% during the last twelve months ended April 2, 2017 improving primarily as a result of a decreased effective tax rate ("ETR") under the U.S. tax reform effective December 22, 2017, as well as improved net operating profits.

Consolidated Adjusted EBITDA (dollars in millions)	**2018 Q1**	**2017 Q1 (restated)**	**% change**
Manufacturing	$ 53.9	$ 48.5	11.1%
Aftermarket	19.9	22.9	(13.1)%
Total Adjusted EBITDA	$ 73.8	$ 71.4	3.4%
Adjusted EBITDA % of revenue			
Manufacturing	11.2%	10.2%	1.0%
Aftermarket	19.9%	23.8%	-3.9%
Total	12.7%	12.5%	0.2%

Manufacturing Adjusted EBITDA per new EU delivered	**2018 Q1**	**2017 Q1 (restated)**	**$ Q1 change**
Manufacturing Adjusted EBITDA (dollars in millions)	$ 53.9	$ 48.5	$ 5.4
New transit bus, coach and cutaway deliveries (EUs)	993	892	101
Manufacturing Adjusted EBITDA per new EU delivered (dollars in thousands)	$ 54.3	$ 54.4	$ (0.1)

Consolidated Adjusted EBITDA for 2018 Q1 increased by 3.4% compared to 2017 Q1.

The 2018 Q1 manufacturing Adjusted EBITDA increased 11.1% compared to 2017 Q1 primarily as a result of increased deliveries, improved margins and the inclusion of ARBOC's operations. Contributors to the increase in margin included a favourable sales mix and continued cost reductions achieved through the Company's operational excellence initiatives. The pro forma manufacturing business Adjusted EBITDA per EU (which includes ARBOC) for 2018 Q1 was $54,300 which is $2,500 higher per EU when compared to 2017 Q1.

Margins vary significantly due to factors such as pricing, order size, propulsion system, product type and options specified by the customer. Management cautions readers that quarterly Adjusted EBITDA and Adjusted EBITDA per EU can be volatile and should be considered over a period of several quarters.

2018 aftermarket operations Adjusted EBITDA decreased by 13.1% compared to 2017 Q1 due to sales mix and costs involved in consolidating the New Flyer and MCI parts business. Aftermarket sales and margins remain difficult to forecast due to a significant portion of the business being transactional in nature, and as a result experiences significant quarterly volatility.

Liquidity

Free Cash Flow (Canadian dollars in millions)	2018 Q1	2017 Q1	% change
Free Cash Flow	$ 52.4	$ 53.7	(-2.4)%
Declared dividends	$ 20.5	$ 14.7	39.5%
Payout Ratio (Declared dividends divided by Free Cash Flow)	39.0%	27.4%	42.3%

The amount of dividends declared increased by 39.5% in 2018 Q1 as a result of the increase in the annual dividend rate from C$0.95 to C$1.30 per Share effective for dividends declared after May 10, 2017 and additional Shares issued as a result of conversion of NFI's previously outstanding convertible debentures.

The liquidity position of $204.1 million as at April 1, 2018 is comprised of available cash of $15.3 million and $188.8 million available under the revolving portion of the Company's credit facility ("Revolver") as compared to a liquidity position of $222.3 million at December 31, 2017. The decrease in liquidity relates to changes in non-cash working capital. Changes in non-cash working capital are primarily a result of seasonality and are expected to be temporary in nature. Management believes that these funds, together with share and debt issuances, other borrowings capacity and the cash generated from the Company's operating activities, will provide the Company with sufficient liquidity and capital resources to meet its current financial obligations as they come due, as well as provide funds for its financing requirements, capital expenditures, dividend payments and other operational needs for the foreseeable future.

Property, Plant and Equipment ("PPE") expenditures (dollars in millions)	2018 Q1	2017 Q1	% change
PPE expenditures	$ 16.9	$ 6.7	152.2%
Less PPE expenditures funded by capital leases	(5.1)	(0.3)	1,600.0%
Cash acquisition of PPE	$ 11.8	$ 6.4	84.4%

PPE cash expenditures in 2018 Q1 increased by 84.4% compared to 2017 Q1 primarily as a result of investments in facilities, increased part fabrication capacity at the Company's new Shepherdsville, KY facility and as a result of insourcing and continuous improvement programs.

The Company's total leverage ratio (defined as net indebtedness divided by Adjusted EBITDA) of 1.90 at April 1, 2018 increased from the ratio of 1.84 at December 31, 2017. The Company is well within compliance with its banking covenant that requiring the total leverage ratio to be less than 3.50.

Outlook

The Company's annual operating plan for the 52-weeks ending December 30, 2018 ("Fiscal 2018") is focused on maintaining and growing its leading market position in the heavy-duty transit bus, motor coach and cutaway bus markets and aftermarket parts distribution through enhanced competitiveness.

On March 23, 2018 the U.S. Congress passed the 2018 fiscal year budget which included appropriations for public transportation of $13.5 billion. The American Public Transportation Association ("APTA") has recently indicated that the federal budget is a big win for public transportation. According to APTA, the total appropriations of $13.5 billion is the largest amount appropriated for public transportation in an annual spending bill and the largest one-year increase, with more than $1 billion over last year.

Based on an aging fleet, overall economic conditions, expected customer fleet replacement plans, and active or anticipated procurements, management continues to expect procurement activity throughout the U.S. and Canada to remain stable through 2018.

MCI continues to develop and expand its product portfolio. The new D45 CRT LE coach introduced in 2017, with its revolutionary improvements to support people with disabilities, is undergoing testing at the bus testing facility in Altoona, PA in order to qualify as a vehicle that is eligible for purchase using FTA funding. The new MCI 35'coach, the J3500 is undergoing electronic stability control calibration and certification. Production capability to support the manufacture of these vehicles will be in place in the second half of 2018 with deliveries expected to begin in early 2019.

As the population ages and ease of access becomes more of a focus, management also believes the demand for low-floor cutaway and medium-duty buses with greater accessibility will grow from its current level of 5% of the total cutaway market. The company estimates that ARBOC delivered 64% of all the low-floor cutaway buses in 2017. ARBOC is currently testing its medium-duty bus (Spirit of Equess) at the testing facility in Altoona, PA and is pleased with customer response anticipating deliveries starting in the second half of 2018.

The Company's master production schedule combined with current backlog and orders anticipated to be awarded by customers under new procurements is expected to enable the Company to deliver approximately 4,350 EUs during Fiscal 2018. Production rates are adjusted and can vary from quarter to quarter due to product mix and contract award timing.

Heavy Duty Transit	Motor Coach	Cutaway and Medium-Duty	Total
2,774 EU	1,076 EU	500 EU	4,350 EU

With a current healthy production schedule, low leverage, and solid liquidity, management continues to be focused on PPE investment and estimates PPE expenditures for Fiscal 2018 to be in the range of approximately $63 to $73 million. This estimate is approximately $8 million higher than what was originally disclosed, as the revised range includes amounts that were planned for Fiscal 2017, but were carried forward to Fiscal 2018 and also as a result of a better understanding of the PPE investments needed in the newly acquired composite businesses. Spending relates to equipment maintenance as well as growth projects which management expects to generate margin enhancements consistent with its targets.

Although part sales remain difficult to forecast, management expects the parts market to remain relatively stable in Fiscal 2018. Management believes the increase in gross orders received of 1.2% in 2018 Q1 as compared to 2017 Q1 is promising but, will be subject to quarter-to-quarter volatility which is typical for this business segment. The Company continues to focus on its established customer base to provide best value and support and also continues to investigate incremental business programs such as vendor managed inventory contracts which are anticipated to be at lower margins. The Company previously announced it is closing a redundant parts distribution center in Hebron, KY in July 2018 and continues to assess further opportunities for cost reduction once the New Flyer and MCI Parts businesses are fully harmonized with a common IT system – expected to be completed in the second half of 2018.

Dividends

Based on the improvement in business performance as well as the Company's outlook, the Company's board of directors (the "Board") has approved an increase of 15.4% in the annual dividend rate. The new annual dividend rate of C$1.50 per Share is effective for dividends declared after May 9, 2018. The Board believes that the new dividend rate has been established at a sustainable level, although such distributions are not assured.

Conference Call

A conference call for analysts and interested listeners will be held on Friday May 11, 2018 at 9:00 a.m. (CT). The call-in number for listeners is 888-231-8191, 647-427-7450 or 403-451-9838. A live audio feed of the call will also be available at:

https://event.on24.com/wcc/r/1657511/A3A091079BF6EDD2B0EA4901AEF79E48

A replay of the call will be available from 12:00 p.m. (CT) on May 11, 2018 until 10:59 p.m. (CT) on May 18, 2018. To access the replay, call 855-859-2056 or 416-849-0833 and then enter pass code number 5879734. The replay will also be available on NFI Group's web site at www.www.newflyer.com.

Non-IFRS Measures

"Adjusted EBITDA" consists of earnings before interest, income taxes, depreciation, amortization and other non-cash charges and certain other non-recurring charges as set out in the MD&A. "Free Cash Flow" means net cash generated by operating activities adjusted for changes in non-cash working capital items, interest paid, interest expense, income taxes paid, current income tax expense, effect of foreign currency rate on cash, defined benefit funding, non-recurring transitional costs relating to business acquisitions, costs associated with assessing strategic and corporate initiatives, defined benefit expense, cash capital expenditures, proportion of the total return swap realized, proceeds on disposition of property, plant and equipment, gain received on total return swap settlement, fair value adjustment to acquired subsidiary company's inventory and deferred revenue and principal payments on capital leases. References to "ROIC" are to net operating profit after taxes (calculated by Adjusted EBITDA less depreciation of plant and equipment and income taxes at the expected effective tax rate) divided by average invested capital for the last twelve month period (calculated as to shareholders' equity plus long-term debt, obligations under finance leases, other long-term liabilities, convertible debentures and derivative financial instrument liabilities less cash).

Management believes Adjusted EBITDA, ROIC and Free Cash Flow are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA, ROIC and Free Cash Flow are not recognized earnings measures and do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS") and may not be comparable to similarly titled measures used by other issuers. Readers are cautioned that ROIC and Adjusted EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with IFRS as an indicator of the Company's performance, and Free Cash Flow should not be construed as an alternative to cash flows from operating, investing and financing activities determined in accordance with IFRS, as a measure of liquidity and cash flows. A reconciliation of Adjusted EBITDA and Free Cash Flow to net earnings and cash flow from operations, respectively, is provided in the MD&A.

About the Company

The Company is the largest bus and motor coach manufacturer and parts distributor in North America, with 32 fabrication, manufacturing, distribution, and service centers located across Canada and the United States and employing nearly 6,000 team members. The Company can trace its roots back to 1930.

The Company provides a comprehensive suite of mass transportation solutions under several brands: New Flyer® (heavy-duty transit buses), MCI® (motor coaches), ARBOC® (low-floor cutaway and medium-duty buses) and NFI Parts™ (bus and coach parts, support, and service). The Company's vehicles incorporate the widest range of drive systems available ranging from clean diesel, natural gas, diesel-electric hybrid, trolley-electric, battery-electric and fuel cell electric.

The common shares of the Company are traded on the Toronto Stock Exchange under the symbol NFI.

Forward-Looking Statements

Certain statements in this press release are "forward -looking statements", which reflect the expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. The words "believes", "anticipates", "plans", "expects", "intends", "projects", "forecasts", "estimates" and similar expressions are intended to identify forward -looking statements. These forward-looking statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this press release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Such differences may be caused by factors which include, but are not limited to, availability of funding to the Company's customers to purchase transit buses and coaches and to exercise options and to purchase parts or services at current levels or at all, aggressive competition and reduced pricing in the industry, material losses and costs may be incurred as a result of product warranty issues and product liability claims, changes in Canadian or United States tax legislation, the absence of fixed term customer contracts and the suspension or the termination of contracts by customers for convenience, the current U.S federal "Buy-America" legislation may change and/or become more onerous, inability to achieve U.S. Disadvantaged Business Enterprise Program requirements, local content bidding preferences and requirements under Canadian content policies may change and/or become more onerous, trade policies in the United States and Canada (including NAFTA) may undergo significant change, potentially in a manner materially adverse to the Company, production delays may result in liquidated damages under the Company's contracts with its customers, inability of the Company to execute its planned production targets as required for current business and operational needs, currency fluctuations could adversely affect the Company's financial results or competitive position in the industry, the Company may not be able to maintain performance bonds or letters of credit required by its existing contracts or obtain performance bonds and letters of credit required for new contracts, third party debt service obligations may have important consequences to the Company, the covenants contained in the Company's senior credit facility ("Credit Facility") could impact the ability of the Company to fund dividends and take certain other actions, interest rates could change substantially and materially impact the Company's profitability, the dependence on limited or unique sources of supply, the timely supply of materials from suppliers, the possibility of fluctuations in the market prices of the pension plan investments and discount rates used in the actuarial calculations will impact pension expense and funding requirements, the Company's profitability and performance can be adversely affected by increases in raw material and component costs, the availability of labour could have an impact on production levels, new products must be tested and proven in operating conditions and there may be limited demand for such new products from customers, the Company may have difficulty selling pre-owned coaches and realizing expected resale values, inability of the Company to successfully execute strategic plans and maintain profitability, development of competitive products or technologies, the Company may incur material losses and costs as a result of product liability claims, catastrophic events may lead to production curtailments or shutdowns, dependence on management information systems and risks related to cyber security, dependence on a limited number of key executives whom may not be able to be adequately replaced if they leave the Company, employee related disruptions as a result of an inability to successfully renegotiate collective bargaining agreements when they expire, risks related to acquisitions and other strategic relationships with third parties, inability to successfully integrate acquired businesses and assets into the Company's existing business and to generate accretive effects to income and cash flow as a result of integrating these acquired businesses and assets. The Company cautions that this list of factors is not exhaustive. These factors and other risks and uncertainties are discussed in its press releases and materials filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com.

Although the forward-looking statements contained in this press release are based upon what management believes to be reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward-looking statements, and the differences may be material. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws.