NFI Group Announces 2018 Third Quarter Results

November 6, 2018

Summary of 2018 Q3 results compared to 2017 Q3:

- **Revenue of $605.3 million increased by 7%.**
- **Adjusted EBITDA of $70.3 million decreased by 1.0%.**
- **Net earnings of $37.0 million increased by 6.9%. Earnings per Share of $0.59 increased by 7.3% and Adjusted Earnings per Share of $0.57 increased by 3.6%.**
- **Free Cash Flow of C$37.2 million increased by 43.6%.**
- **Dividends declared of C$23.4 million increased by 14.1%, representing a payout ratio of 62.9%.**
- **Total leverage ratio of 1.97 increased from the July 1, 2018 ratio of 1.89.**
- **Last twelve months return on invested capital of 14.8% decreased from 15.4%.**
- **Subsequent to 2018 Q3, MCI's D45 CRT LE motor coach, which features revolutionary accessibility improvements, passed the Federal Transportation Administration's (FTA) Altoona bus testing program and is now eligible for federally funded public transit system procurements.**

WINNIPEG, November 6, 2018 – (TSX:NFI) NFI Group Inc., formerly New Flyer Industries Inc. ("NFI" or 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 ("2018 Q3") and 39-week period ("2018 YTD") ended September 30, 2018. Year-over-year comparisons reported in this press release compare 2018 Q3 and 2018 YTD to the 13-week period ("2017 Q3") and the 39-week period ("2017 YTD") ended October 1, 2017. Unless otherwise indicated, all monetary amounts in this press release are expressed in U.S. dollars.

Full unaudited interim condensed consolidated 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/ and under the Company's profile on www.sedar.com

2018 Third Quarter Financial Results

Deliveries (Equivalent Units "EUs")	**2018 Q3**	**2017 Q3**	**2018 YTD**	**2017 YTD**
New transit bus, coach and cutaway	1,035	877	3,187	2,760
Pre-owned coach	115	89	281	264

Average EU selling price

(Unaudited, U.S. dollars in thousands)

New transit bus, coach and cutaway	$476.5	$505.8	$476.2	$514.2
Pre-owned coaches	$134.8	$111.2	$125.6	$115.2

Volume increased as a result of higher transit bus and motor coach deliveries and the inclusion of ARBOC cutaway deliveries. NFI acquired ARBOC Specialty Vehicles, LLC on December 1, 2017.

Consolidated Revenue (Unaudited, U.S. dollars in millions)	**2018 Q3**	**2017 Q3**	**2018 YTD**	**2017 YTD**
Manufacturing	512.1	454.1	1,565.4	1,449.5
Aftermarket	93.2	87.6	291.6	277.8
Total Revenue	$605.3	$541.7	$1,857.0	$1,727.3

Manufacturing revenue for 2018 Q3 increased by $58 million, or 12.8%, compared to 2017 Q3. The increase is primarily driven by a 16.9% volume increase in new transit bus, coach and cutaway deliveries. The increase was partially offset by a 5.8% decrease in average EU selling prices for transit bus, coach and cutaway vehicles. Manufacturing revenue for 2018 YTD increased by $115.9 million compared to 2017 YTD, an increase of 8.0%. Similar to the 2018 Q3 increase in manufacturing revenue, it was primarily driven by volume increases in transit bus, coach and cutaway, plus positive contribution from the inclusion of the fiberglass reinforced polymer ("FRP") component operations partially offset by lower average EU selling prices.

Average EU selling prices for both 2018 Q3 and 2018 YTD decreased compared to the same periods in 2017 driven by sales mix and margin pressure in the coach business partially offset by positive sales mix and margin related to the transit business. The average EU selling price also now includes 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 Q3 increased by $5.6 million, or 6.4%, compared to 2017 Q3 and 2018 YTD increased by $13.8 million, or 5.0%, compared to the same period in 2017. In both 2018 Q3 and 2018 YTD, the increase was driven by higher volumes offset by the negative impact of Daimler's termination of MCI's Distribution Rights Agreement ("DRA") related to sales of Daimler's Setra motor coaches and spare parts in North America. The termination of the DRA with respect to Setra spare parts sales took effect July 1, 2018.

Organizational changes to better align business functions within operating segments were made effective January 2, 2017 and implemented in two phases. To improve the comparability between periods, the related prior year segment information has been restated to reflect these changes.

Adjusted EBITDA (Unaudited, U.S. dollars in millions)	**2018**	**2017**	**2018**	**2017**
	Q3	**Q3 (restated)**	**YTD**	**YTD (restated)**
Manufacturing	$53.0	$52.6	$179.2	$165.6
Aftermarket	17.3	18.4	56.3	61.9
Total Adjusted EBITDA	$70.3	$71.0	$235.5	$227.5
Adjusted EBITDA % of revenue				
Manufacturing	10.4%	11.6%	11.5%	11.4%
Aftermarket	18.5%	21.0%	19.3%	22.3%
Total	11.6%	13.1%	12.8%	13.2%

Manufacturing Adjusted EBITDA per new EU delivered	**2018**	**2017**	**2018**	**2017**
	Q3	**Q3 (restated)**	**YTD**	**YTD (restated)**
Manufacturing Adjusted EBITDA (in millions)	$53.0	$52.6	$179.2	$165.6
New transit bus, coach and cutaway deliveries (EUs)	1,035	877	3,187	2,760
Manufacturing Adjusted EBITDA per new EU delivered (in thousands)	$51.2	$60.0	$56.2	$60.0

Consolidated Adjusted EBITDA for 2018 Q3 decreased by $0.7 million, or 1.0%, compared to 2017 Q3 and for 2018 YTD increased by $8.0 million, or 3.5%, compared to 2017 YTD.

The 2018 Q3 and 2018 YTD manufacturing Adjusted EBITDA increased by 0.8% and 8.2% respectively, compared to 2017 corresponding periods, primarily as a result of increased volume. The increase in volume was partially offset by startup costs associated with the Shepherdsville, KY parts fabrication facility, price reductions on selling new and pre-owned Setra coaches post termination of the DRA and losses associated with the Wisconsin-based FRP business. In total, these items had an impact of $4.0 million in 2018 Q3 and $6.4 million 2018 YTD on manufacturing Adjusted EBITDA. In addition, Adjusted EBITDA was impacted by favourable sales mix and margins related to the transit business offset by adverse sales mix and margins related to the motor coach business. Margins can vary significantly from period-to-period 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.

The 2018 Q3 and 2018 YTD aftermarket Adjusted EBITDA decreased by 5.9% and 9.0% respectively, compared to 2017 corresponding periods, primarily due to the impact of sales mix, margin pressure and the negative impact from termination of the DRA.

Net earnings	**2018**	**2017**	**2018**	**2017**
(Unaudited, U.S. dollars in millions)	**Q3**	**Q3**	**YTD**	**YTD**
Earnings from operations	$53.5	$55.1	$177.3	$184.7
Non-cash gain (loss)	2.3	2.0	(0.4)	4.6
Interest expense	(6.9)	(4.9)	(17.0)	(14.8)
Income tax expense	(11.9)	(17.6)	(42.8)	(59.3)
Net earnings	$37.0	$34.6	$117.1	115.2
Adjusted net earnings	$35.8	$34.4	$123.4	$113.0
Net earnings per Share (basic)	$0.59	$0.55	$1.87	$1.85
Adjusted Earnings per Share (basic)	$0.57	$0.55	$1.97	$1.81

Net earnings during 2018 Q3 increased by $2.4 million, or 6.9%, compared to 2017 Q3. Net earnings per common share of NFI ("Share") increased by $0.04, this was primarily from higher volumes and lower taxes as a result of U.S. tax reform partially offset by increased finance costs and the previously mentioned impacts on 2018 Q3 Adjusted EBITDA. Net earnings for 2018 YTD increased when compared to 2017 YTD by $1.9 million, or

1.6%, for the same reasons mentioned above.

Adjusted Net Earnings during 2018 Q3 increased by $1.4 million, or 4.1%, compared to 2017 Q3 resulting in an increase in Adjusted Earnings per Share in 2018 Q3 of $0.02, primarily due to a decrease in income tax expense as a result of U.S. tax reform. Similarly, Adjusted Net Earnings for 2018 YTD increased by $10.4 million, or 9.2%, when compared to 2017 YTD.

Management believes that return on invested capital (“ROIC”) is an important metric that can be used to assess investments against their related earnings and capital utilization. ROIC during the last twelve months ended September 30, 2018 was 14.8% as compared to 15.4% during the last twelve months ended October 1, 2017. The decrease was primarily a result of material investments made in the Shepherdsville parts fabrication facility and renovations and expansion of the Anniston facility that are not expected to generate benefits until 2019.

Liquidity

Free Cash Flow	**2018**	**2017**	**2018**	**2017**
(Unaudited, dollars in millions)	**Q3**	**Q3**	**YTD**	**YTD**
Free Cash Flow (U.S. dollars)	$28.8	$20.8	$117.2	$101.9
Free Cash Flow (CAD dollars)	$37.2	$25.9	$152.6	$132.5
Declared dividends (CAD dollars)	$23.4	$20.5	$67.4	$55.6
Payout Ratio (Declared dividends divided by Free Cash Flow)	62.9 %	79.2 %	44.2 %	42.0 %

Free cash flow in 2018 Q3 increased by $8.0 million, or 38.5%, when compared to 2017 Q3 primarily due to the impact of reduced income tax rates. The amount of dividends declared increased by 14.1% in 2018 Q3 as a result of the increase in the annual dividend rate from C$1.30 to C$1.50 per Share effective for dividends declared after May 9, 2018, taking into account Shares repurchased under the Company’s normal course issuer bid (“NCIB”).

On June 11, 2018, the Company announced that the Toronto Stock Exchange (“TSX”) had accepted a notice filed by the Company of its intention to implement the NCIB. During 2018 Q3, the Company repurchased 514,000 Shares (of which 33,800 Shares were settled and canceled after September 30, 2018) at an average price of C$51.07 per Share for a total repurchase cost of $21.4 million during 2018 Q3 and $1.7 million settled after September 30, 2018. To date the Company has repurchased 797,800 shares at an average price of C$50.37 per Share for a total repurchase cost of $31.3 million (which includes $1.7 million settled after September 30, 2018).

The Company’s total leverage ratio (defined as net indebtedness divided by Adjusted EBITDA) of 1.97 at September 30, 2018 increased from 1.89 at July 1, 2018. The Company is well within compliance with its banking covenant that requires the total leverage ratio to be less than 3.50, which increases to 3.75 under the New Credit Facility (defined below) and increases to 4.25 for one year following a material acquisition.

Outlook

Management remains focused on maintaining and growing NFI’s leading market positions in the heavy-duty transit bus, motor coach and low-floor cutaway markets and aftermarket parts distribution through enhanced competitiveness and new product offerings.

Aging fleets, solid economic conditions, defined U.S. federal funding and active or anticipated procurements support management’s expectation that transit bus procurement activity throughout the U.S. and Canada will remain healthy. Management continues to anticipate stable private sector demand for motor coaches through 2018. There has been some recent downward pressure on motor coach margins, but MCI remains focused on developing and expanding its product portfolio to enhance its competitiveness with two new vehicles targeting 2019 deliveries.

MCI’s new D45 CRT LE motor coach, with its revolutionary improvements to support people with physical disabilities, is now eligible for FTA funding following its successful completion of the FTA’s Altoona bus testing program (“Altoona Test”). The Altoona Test is named for the Altoona, PA testing center, where new bus models are rigorously tested for reliability in order to be eligible for U.S. federally funded public transit system procurements.

NFI complies with Buy America requirements of U.S. public customers which mandate 65% U.S. material content and has plans in place to achieve the increased requirement of 70% U.S. content starting October 2019.

Aftermarket surveys and discussions with large customers continue to indicate a number of adverse parts market effects including: customers’ inventory reduction strategies, budget constraints, a decline in the installed base of certain NFI acquired brands no longer in production (such as Orion® and NABI®), increased competition from truck dealers and distributors, and the improved quality of the Xcelsior® and MCI vehicles compared to prior models. To help counter these negative impacts on aftermarket sales volumes, management has placed additional focus on securing vendor managed inventory (“VMI”) programs. During Fiscal 2018, NFI secured six VMI programs that are expected to provide benefits to the aftermarket business in Fiscal 2019 and beyond.

Based on the Company’s master production schedule combined with current backlog and orders anticipated to be awarded by customers under new procurements Fiscal 2018 delivery guidance remains unchanged at 4,390 EUs, an increase of 562 EUs over fiscal 2017. Deliveries for the 13-week period ended December 30, 2018 (“2018 Q4”) are expected to represent 27% of full year deliveries and be an increase of 135 EUs over the 13 week period ended December 31, 2017 (“2017 Q4”). Fiscal 2018 deliveries are expected to be comprised of the following vehicle types:

Heavy Duty Transit	**Motor Coach**	**Cutaway and Medium-Duty**	**Total**
2,810 EU	1,070 EU	510 EU	4,390 EU

Property, Plant and Equipment (“PPE”) expenditures for Fiscal 2018 are expected to remain in the range of approximately $63 million to $73 million.

New Revolving Credit Facility

On October 25, 2018, the Company announced a new revolving credit facility ("Credit Facility") with a total borrowing limit of $1.0 billion, including a $100 million letter of credit facility. The Credit Facility is unsecured, has a 5-year term and will mature on October 25, 2023. In addition, the Credit Facility provides an accordion feature which allows the Company to obtain additional funding of up to $250 million, subject to customary conditions. This new Credit Facility replaces NFI's prior secured credit facility (the "Prior Credit Agreement"), which had a total borrowing limit of $825 million. Loans under the Credit Facility bear interest at a rate equal to LIBOR or a U.S. base rate for loans denominated in U.S. dollars and a Canadian prime rate or bankers' acceptance rate for loans denominated in Canadian dollars, plus an applicable margin to those rates.

There are certain financial covenants under the Credit Facility that must be maintained. Specifically, the Company must maintain an interest coverage ratio greater than 3.0 to 1 and a total leverage ratio ("TLR") of less than 3.75 to 1, which increases to 4.25 for one year following a material acquisition.

Management expects the Credit Facility will provide NFI with significant financial flexibility to pursue numerous strategic initiatives to grow and diversify its business. These initiatives may include acquisitions, partnerships and investments, with the potential to increase product or geographic diversity, further insource fabrication capabilities and contribute to future growth.

Conference Call

A conference call for analysts and interested listeners will be held on November 7, 2018 at 8:00 a.m. (ET). 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/1860233/A2E805474B39439E227C26C2A413FF71

A replay of the call will be available from 11:00 a.m. (ET) on November 7, 2018 until 11:59 p.m. (ET) on November 14, 2018. To access the replay, call 855-859-2056 or 416-849-0833 and then enter pass code number 6550606. The replay will also be available on NFI Group's web site at www.www.newflyer.com.

About NFI Group

With nearly 6,000 team members, operating from 31 facilities across Canada and the United States, NFI is North America's largest bus manufacturer providing a comprehensive suite of mass transportation solutions under several brands: New Flyer® (heavy-duty transit buses), ARBOC® (low-floor cutaway and medium-duty buses), MCI® (motor coaches), and NFI Parts™ (parts, support, and service). NFI buses incorporate the widest range of drive systems available including: clean diesel, natural gas, diesel-electric hybrid, and zero-emission electric (trolley, battery, and fuel cell). For the fiscal year ended December 31, 2017, NFI posted revenues of U.S. $2.4 billion.

Further information is available at www.nfigroup.com, www.www.newflyer.com, www.mcicoach.com, www.nfi.parts and www.arbocsv.com. The common shares of NFI are traded on the Toronto Stock Exchange under the symbol NFI.

Non-IFRS Measures

References to "Adjusted EBITDA" are to earnings before interest, income taxes, depreciation and amortization after adjusting for the effects of certain non-recurring and/or non-operations related items that do not reflect the current ongoing cash operations of the Company including: gains or losses on disposal of property, plant and equipment, unrealized foreign exchange losses or gains on non-current monetary items, fair value adjustment for total return swap, non-recurring transitional costs or recoveries relating to business acquisitions, equity settled stock-based compensation, gain on bargain purchase of subsidiary company, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, past service costs, costs associated with assessing strategic and corporate initiatives and proportion of the total return swap realized. "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, past service costs, 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 as 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). References to "Adjusted Net Earnings" are to net earnings after adjusting for the after tax effects of certain non-recurring and/or non-operational related items that do not reflect the current ongoing cash operations of the Company including: gains or losses on disposal of property, plant and equipment, unrealized foreign exchange losses or gains on non-current monetary items, fair value adjustment for total return swap, non-recurring transitional costs or recoveries relating to business acquisitions, equity settled stock-based compensation, gain on bargain purchase of subsidiary company, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, past service costs, costs associated with assessing strategic and corporate initiatives and proportion of the total return swap realized. References to "Adjusted Net Earnings per Share" are to Adjusted Net Earnings divided by the average number of Shares outstanding.

Management believes Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Earnings per Share are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Earnings per Share are not recognized earnings measures under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this press release are cautioned that ROIC, Adjusted Net Earnings and Adjusted EBITDA should not be construed as an alternative to net earnings or loss or cash flows from operating activities determined in accordance with IFRS as an indicator of NFI'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 net earnings and cash flows to Adjusted EBITDA, based on the Financial Statements, has been provided under the headings "Reconciliation of Net Earnings to Adjusted EBITDA" and "Reconciliation of Cash Flow to Adjusted EBITDA", respectively. A reconciliation of Free Cash Flow to cash flows from operations is provided under the heading "Summary of Free Cash Flow". A reconciliation of net earnings to Adjusted Net Earnings is provided under the heading "Reconciliation of Net Earnings to Adjusted Net Earnings".

NFI's method of calculating Adjusted EBITDA, ROIC, Free Cash Flow, Adjusted Net Earnings and Adjusted Earnings per Share may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers. Dividends paid from Free Cash Flow are not assured, and the actual amount of dividends received by holders of Shares will depend on, among other things, the

Company's financial performance, debt covenants and obligations, working capital requirements and future capital requirements, all of which are susceptible to a number of risks, as described in NFI's public filings available on SEDAR at www.sedar.com.

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 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 USMCA, tariffs, duties, surtaxes and the Canadian federal Duty Relief and Duty Drawback Programs) 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 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 labor 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, 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 who 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. NFI cautions that this list of factors is not exhaustive. These factors and other risks and uncertainties are discussed in NFI's press releases and materials filed with the Canadian securities regulatory authorities which are 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 NFI assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws.

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