NFI GROUP

# INVESTOR PRESENTATION

**August 2019**



NFI:TSX

# Who is NFI?

## Bus Design & Manufacture

**NEW FLYER** – North America's largest heavy-duty public transit bus manufacturer and the leader in Zero-Emission Bus (ZEB) transit

**MCI** – North American market leader in motor coaches for both Public and Private operators

**ALEXANDER DENNIS** – U.K.'s largest bus and motor coach manufacturer with leading share in Hong Kong and New Zealand and a growing global presence.

**ARBOC** – North America's disruptive low-floor cutaway and medium-duty transit bus leader

## Part Fabrication

**CARFAIR** – Captive fiberglass reinforced plastic fabricator for MCI, New Flyer and ADL

**KMG** – Captive parts fabricator for New Flyer, ARBOC and NFI Parts. Plans to fabricate for MCI and ADL beyond 2020

## Parts and Service

**nfi.parts** – North America's largest bus and motor coach parts distributor

**AD24** – UK's leading bus parts distributor and aftermarket service support network

**NEW FLYER INFRASTRUCTURE SOLUTIONS™** – Supports eMobility projects from start to finish

**VIC VEHICLE INNOVATION CENTER** – North America's first innovation lab dedicated to the exploration and advancement of bus and coach technology

# Why Invest In NFI?

## Track Record

- Trusted business partner with over **300 years** of combined bus and motor coach design and manufacturing experience
- 5 year Q2 2019 LTM Revenue CAGR of **13.1%** and Adj. EBITDA CAGR **of 21.5%**
- Peer Leading(1) **11.6%** Q2 2019 LTM Adj. EBITDA margin
- History of sustainable dividends: **13.3%** annual growth in annual dividend in 2019 with **51%** Q2 2019 LTM payout ratio
- Multi-year North American backlog(2) of **9,997 EUs ($4.8B)**
- Recently acquired ADL (2014 – 2018 revenue CAGR of **10.5%**)
- Prudent capital management focused on investing in business operations, strategic acquisitions and **returning cash to shareholders** through Dividends and NCIB

## Our Differentiators

- Market leading positions in US, Canada, UK, Hong Kong and New Zealand with strong portfolios in Singapore, Malaysia and Mexico
- Growing presence in Switzerland and Germany (gateway into continental Europe)
- ~80% of revenue driven by public (i.e. government funded) customers
- Vertically integrated North American fabrication processes
- Proven propulsion agnostic bus platforms: clean diesel, natural gas, hybrid and zero-emission (trolley, battery and fuel-cell)
- Track record of innovation: electric trolleys, low-floor transit buses, CNG propulsion, battery-electric, low-entry motor coach, Vehicle Innovation Center, Infrastructure Solutions, Double-Deck buses, etc.

(1) Public company peer group includes: REV Group Inc., Spartan Motors Inc., Blue Bird Corporation, Oshkosh Corporation, Thor Industries Inc., Winnebago Industries Inc. and Navistar International Corp.

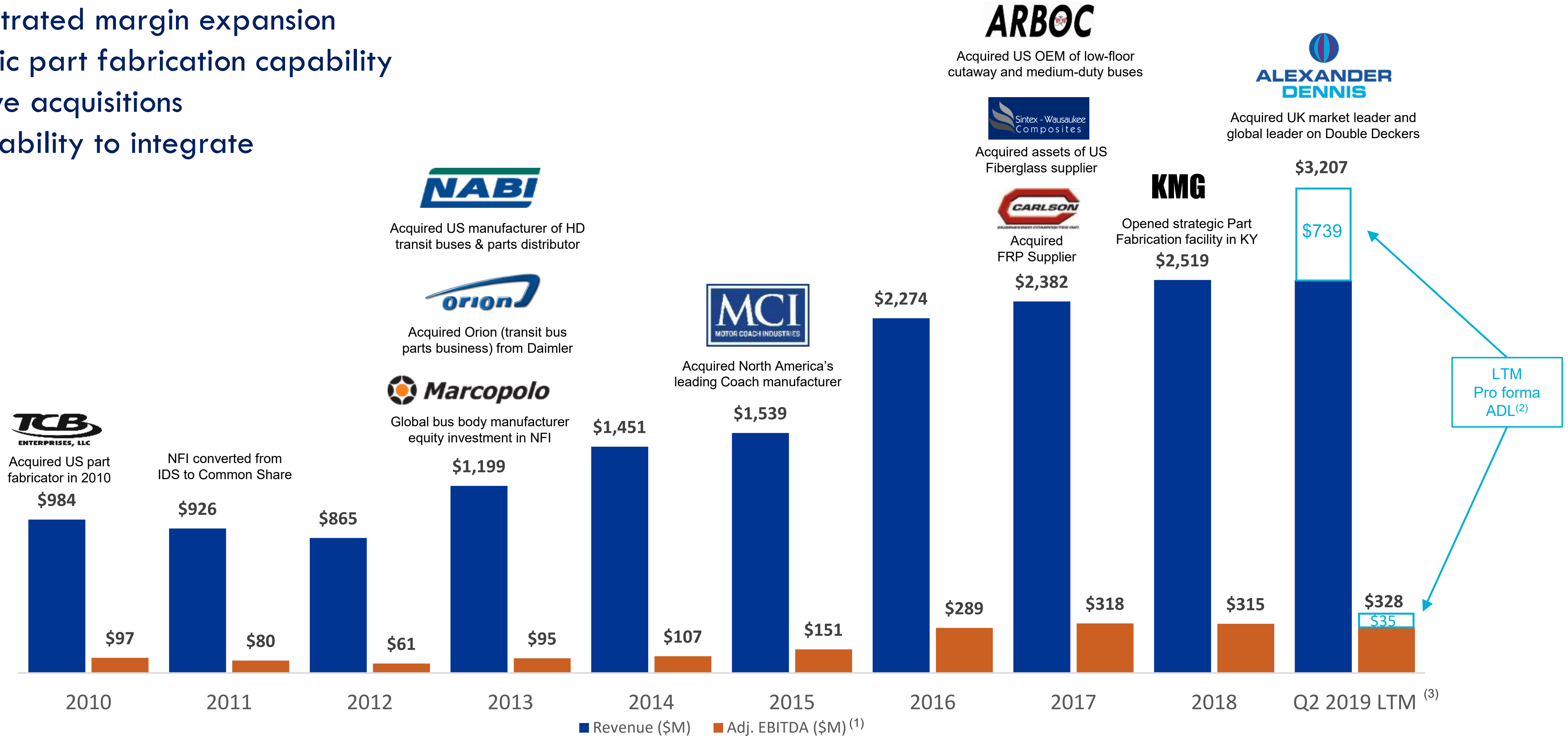
(2) Excludes ADL North American backlog

All figures are in U.S. dollars unless otherwise noted

See Appendix for Forward Looking Statements and Financial Terms, Definitions and Conditions

# Proven Strategic Growth and Diversification

- Proven LEAN operations track record
- Demonstrated margin expansion
- Strategic part fabrication capability
- Accretive acquisitions
- Proven ability to integrate

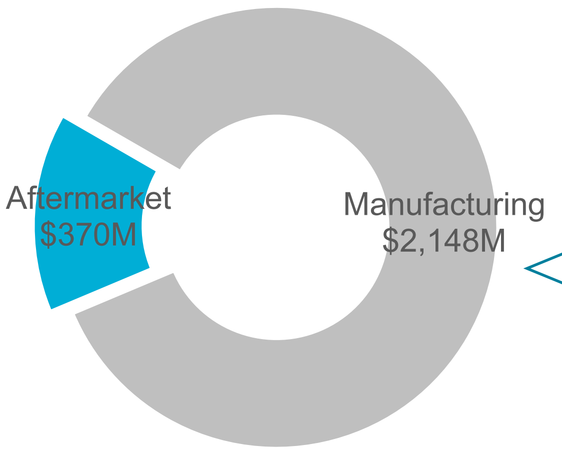



1) See footnote on slide 3 and "Non-IFRS measures" under forward looking statements at the end of this presentation
2) Pro-forma combined business for the period July 2, 2018 to June 30, 2019 all ADL information related to the periods before the Acquisition Date are based on audited financial statements of ADL provided to NFI, which were prepared on the basis of UK GAAP. NFI has not independently verified such statements. ADL's reported results above have been conformed to IFRS.
3) Only Q1 and Q2 2019 figures included within Q2 2019 LTM reflect the adoption of IFRS 16

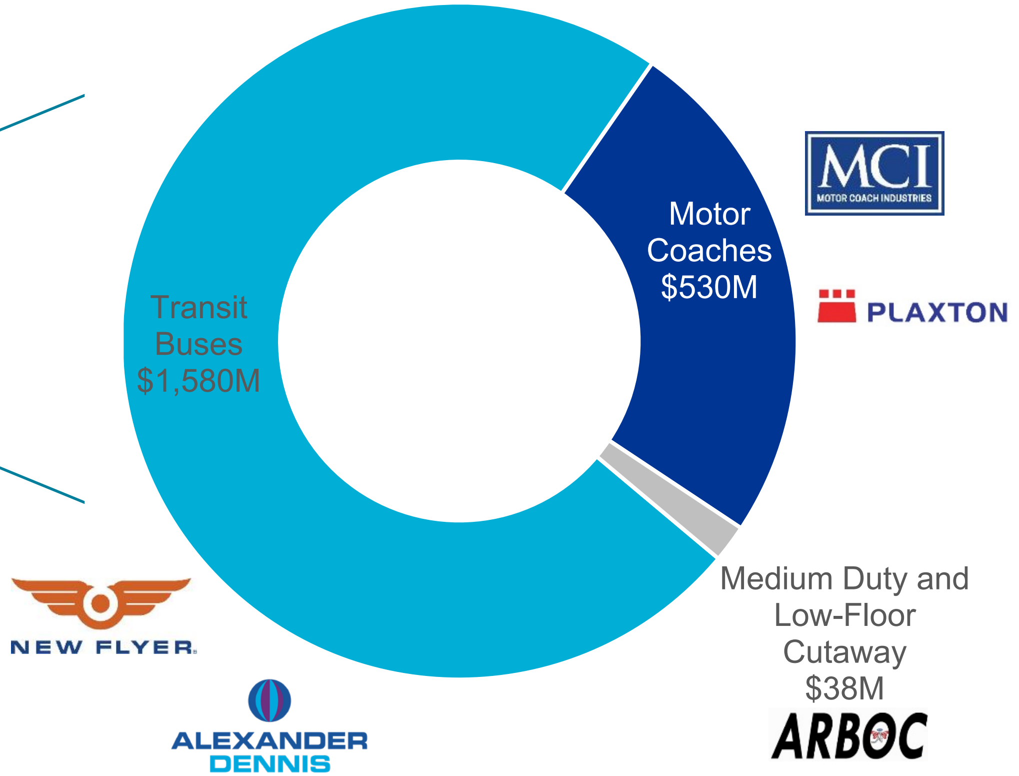
# Diversified Revenue with Global Upside

~80% revenue from Public customers(1) ~20% revenue from Private customers(1)

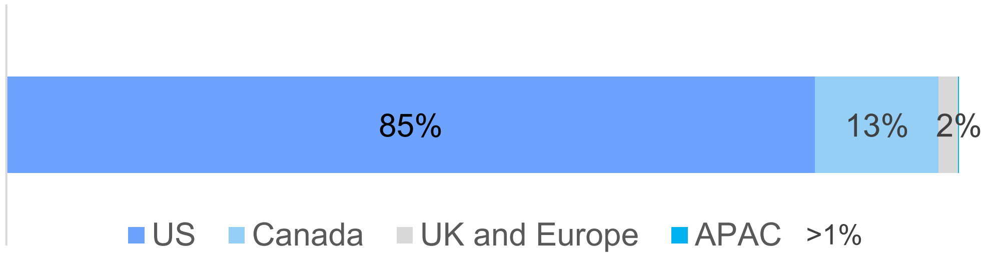
## Q2 2019 LTM Revenue by Segment




## Q2 2019 LTM Revenue by Product




## Q2 2019 LTM Revenue by Region(2)

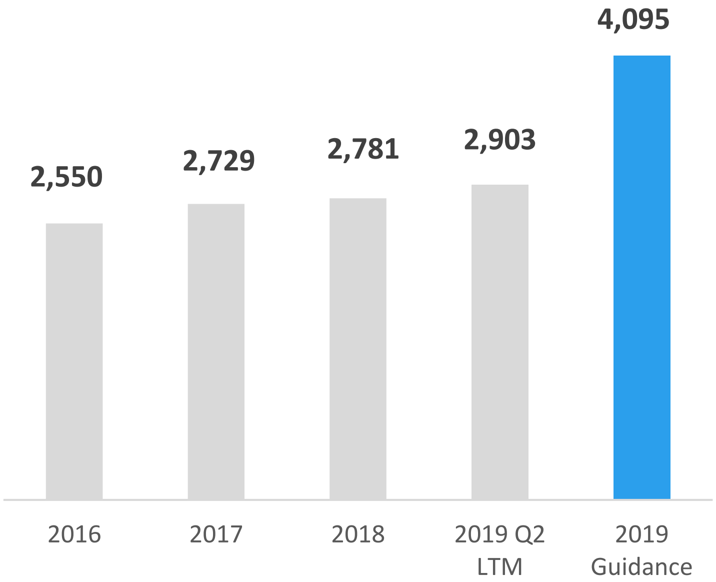



(1) ADL revenue only included for the period of May 28 to June 30, 2019. ADL tends to service private customers in the UK and Hong Kong markets, while servicing public customers in North America, Singapore and New Zealand. On a pro-forma basis including ADL pre-acquisition figures for the Q2 2019 LTM period the public private revenue split would be approx. 70% / 30%

(2) ADL revenue only included for the period of May 28 to June 30, 2019

# Deliveries (EUs) by Product Type

## Heavy Duty Transit Bus[1]



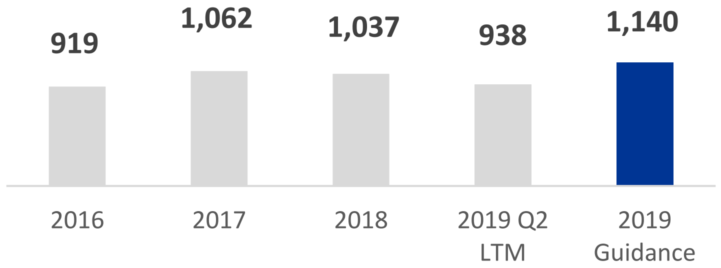

NEW FLYER

Canada/USA

ALEXANDER DENNIS

UK, APAC, EUR, LATAM
Canada, USA

## Motor Coach[1]
(New Coach Only)



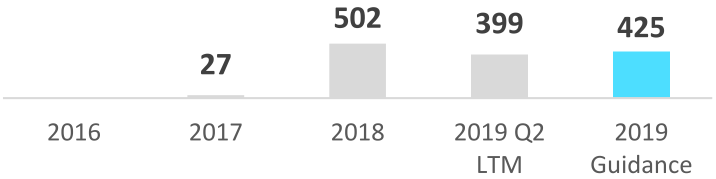

MCI MOTOR COACH INDUSTRIES

Canada/USA

PLAXTON

Primarily UK

## Medium Duty & Low-Floor Cutaway[1]




ARBOC

Canada/USA

1) 2016 to 2018 figures do not include ADL deliveries. ADL deliveries only included for the period of May 28 to June 30, 2019 within the Q2 2019 LTM figures. ADL delivered 2,533 vehicles on a UK GAAP basis in 2018.



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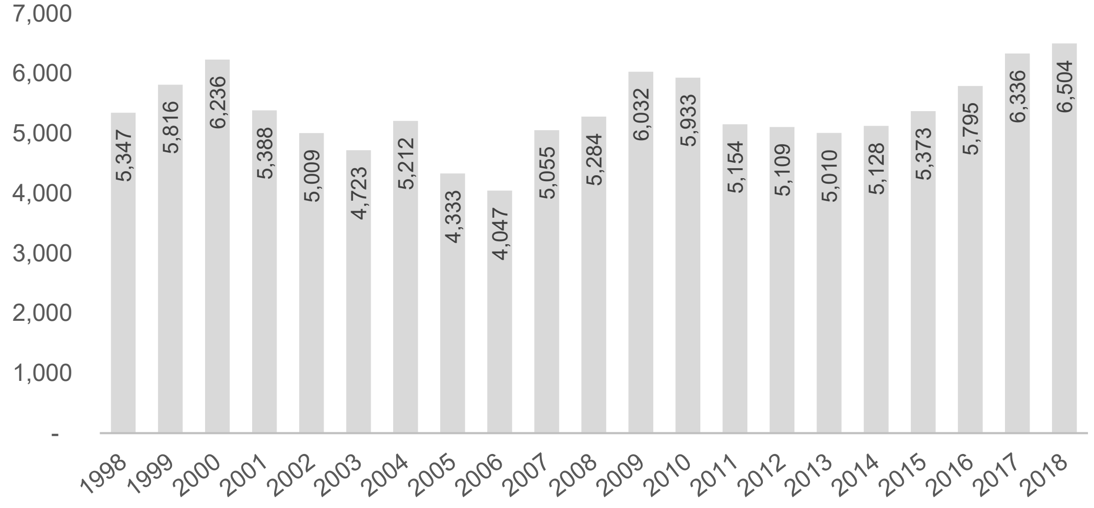
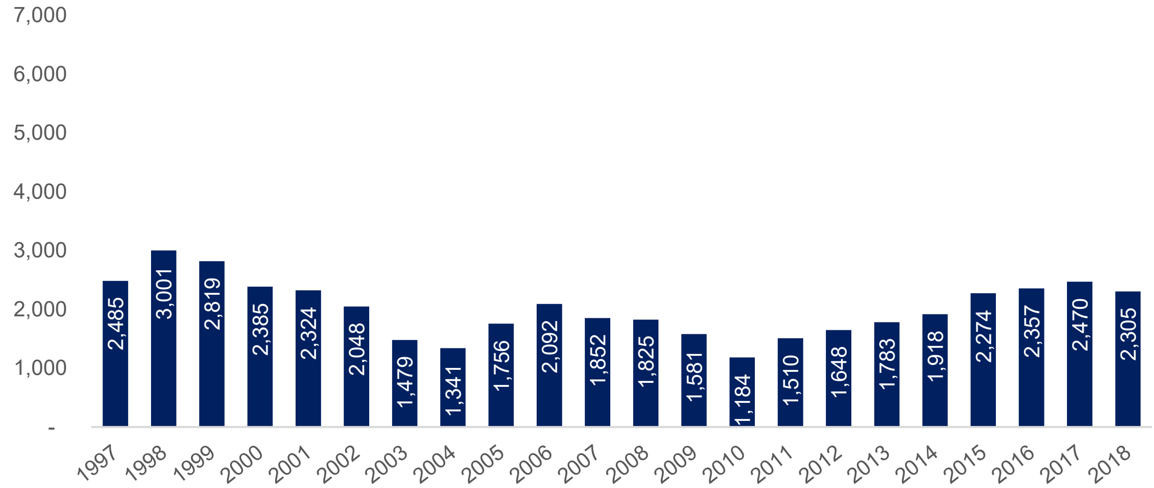
# NFI Target Market Sizes

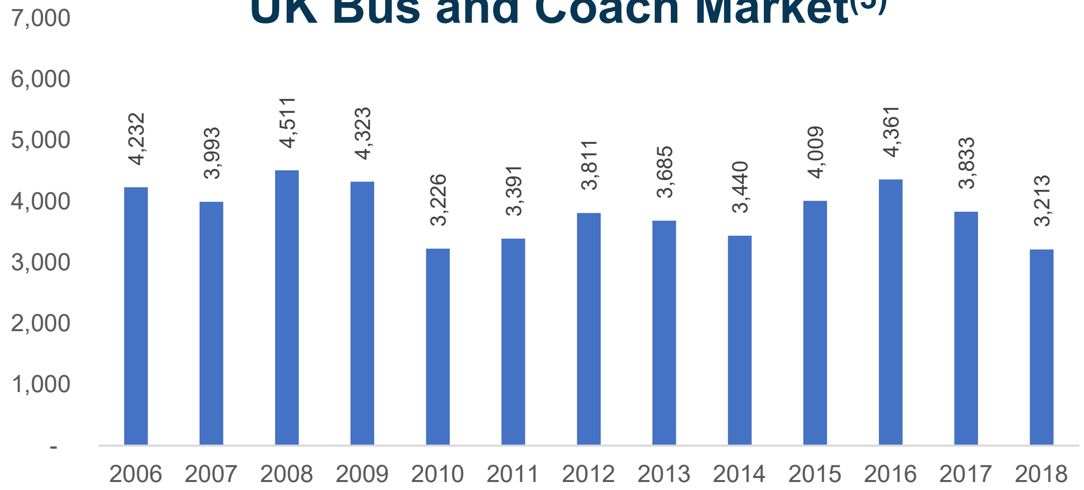
## Canada and U.S. Transit Market(1)




## Canada and U.S. Motor Coach Market(2)




## UK Bus and Coach Market(3)




## Other Markets

| | Est. Annual Deliveries(4) |
|---|---|
| Canada and U.S. Cutaway and Medium Duty | 17,000 |
| South America | 30,000 |
| Europe (excl. UK) | 30,000 |
| Asia Pacific (excl. China) | 25,000 |

(1) Source: Management Estimates and data reported to Metro Magazine

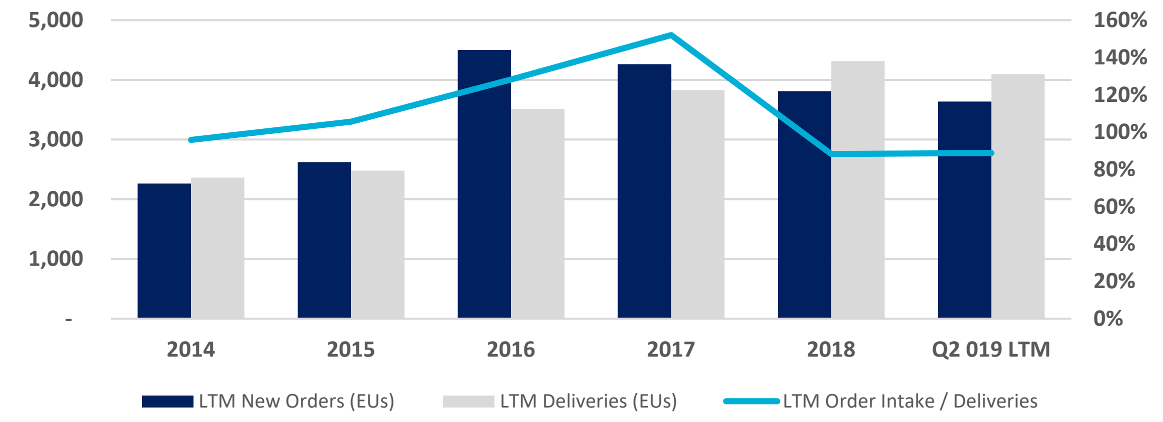
(2) Source: American Bus Association reported data in combination with Management Estimates

(3) Source: Society of Motor Manufacturers and Traders reported data. Some historical data may include mini-buses, a segment in which ADL does not participate

(4) Source: Management Estimates

# North American Backlog of Firm Orders and Options

## Book-to-Bill (New Firm Orders plus Options Converted / Deliveries)(1)

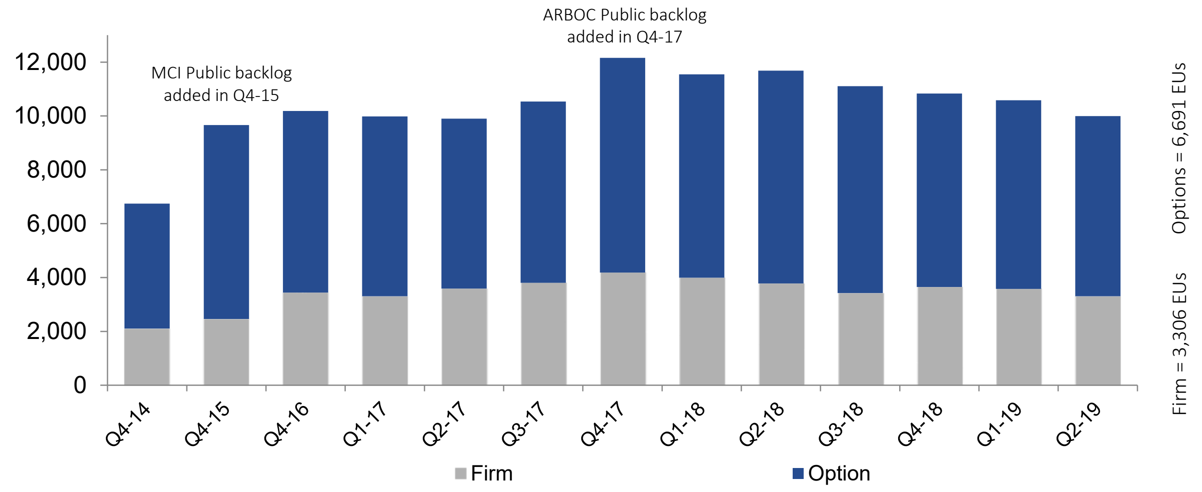



**9,997 EU**
Total Backlog at 30 June 19 (Firm Orders and Options)(1)

**89%**
Q2-19 LTM Book to Bill ratio(1)

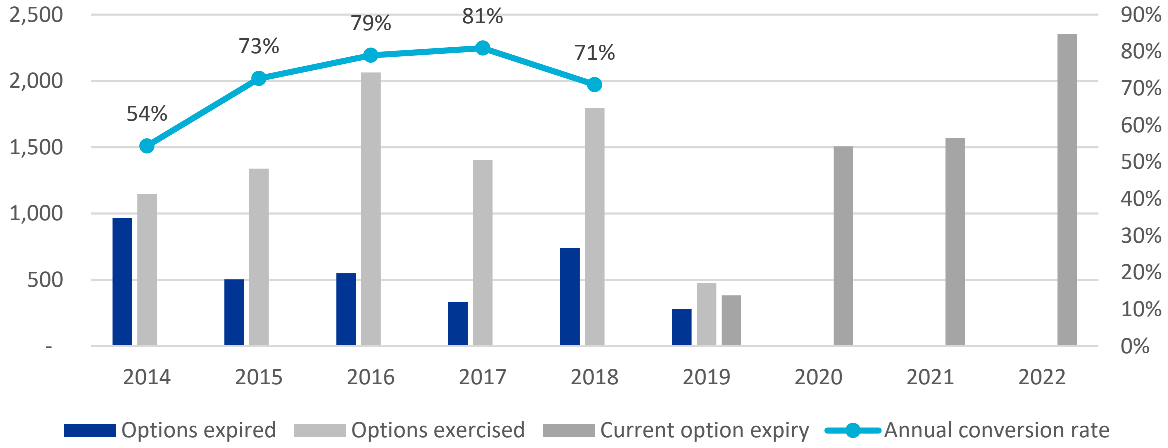
**~2.4x**
Total Backlog EUs to Annual Production(1)

## Total Backlog Firm and Option EUs(1)




## Option History, Conversion and Current Status (EUs)(1)

Q2 2019 LTM Conversion was 70%




(1) Data does not include ADL orders, deliveries, firm or option backlog, or option conversions



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# Heavy Duty Transit Bus

**CURRENT POSITION**

- Leadership positions in Canada, US, UK and Hong Kong
- Solid deliveries to Singapore, New Zealand, Mexico & Malaysia
- Delivered more ZEB Heavy-Duty transit buses than any other manufacturer in North America
- Backlog of 8,327 EUs (excluding ADL), delivered 2,903 EUs LTM Q2 2019
- Includes New Flyer's Xcelsior and ADL's Enviro200 (single-deck), Enviro400 (two axle DD) and Enviro500 (three axle DD)
- Competitors include: Volvo, Gillig, Proterra, BYD, Optare, Wright Bus, Scania and MAN

**OUTLOOK**

- North American procurements expected to continue at recent levels with increase in awards expected for the second half of 2019 based on active bid universe
- Singapore order secured to begin delivery in 2020 and targeting growth in continental Europe, New Zealand and Latin America. UK expected to be relatively flat in 2020
- BVG contract in Berlin for up to 430 vehicles begins to contribute in 2021
- Infrastructure Solutions Group assisting transit agencies with transition to battery-electric vehicles
- 2019 delivery guidance of 4,095 EUs

NEW FLYER

ALEXANDER DENNIS

| **Single Deck** 30-35-40 foot | **Articulated** 60-foot | **Double-Deck** 45-foot |
|---|---|---|
| Diesel, CNG, ZEB | Diesel, CNG, ZEB | Diesel, ZEB |


**Global fleet of more than 70,000 vehicles in service**

**8 production facilities with over 2,000,000 sq. ft. of production space**

**5,000+ Team Members**

**2018 Market Share: North America ~43%, UK ~67% body/~ 59% chassis**

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# Motor Coach

**CURRENT POSITION**

- MCI holds market leadership position in Canada and the U.S.
- Plaxton brand well established in UK with additional sales in New Zealand
- New products: J3500, D45 CRT LE, Panorama double deck coach all in production
- Backlog of 1,400 EUs (excluding Plaxton)
- Delivered 938 EUs in the last twelve months
- Competitors include: Volvo, Van Hool, Daimler, Irizar and TEMSA

**OUTLOOK**

- Stable North American public market. Cyclical private market
- Focus on continuing to grow share in North America through customer adoption of new products
- Continued development of electric coach for U.S. and Canadian markets
- Penetrating burgeoning employee shuttle segment in U.S.
- Exploring product enhancements for UK vehicles and international growth opportunities
- Growth opportunities in New Zealand and Eastern Europe
- 2019 delivery guidance of 1,140 EUs


Global fleet of more than 50,000 vehicles in service

3 production facilities with over 500,000 sq. ft. of production space

2,000+ Team Members

2018 Market Share: North America ~45%, UK ~16%

MCI MOTOR COACH INDUSTRIES PLAXTON

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# Medium-Duty and Low Floor Cutaway

**CURRENT POSITION**

- ARBOC's Spirit of Equess has been very well received with significant orders in the U.S. and Canada
- ARBOC's low-floor cutaway vehicles are a disruptor in the traditionally high-floor centric industry
- Testing low-floor cutaway vehicles on Ford chassis to provide an alternative supplier from historic Ford relationship
- Backlog of 270 vehicles (not including additional options held by the dealers)
- Delivered 399 vehicles in the last twelve months
- Competitors include: Forest River, REV Group, Grande West

**OUTLOOK**

- Focus on continuing to grow Equess market in North America with targeted growth from transit agencies, airports, colleges and smaller municipalities
- Low-floor models focused on improving cost base to increase competitiveness with high-floor cutaway vehicles
- 2019 delivery guidance of 425 vehicles
- Delivery guidance includes 10% to 15% higher margin medium-duty vehicles


**More than 8,000 vehicles in service**

**Built at the 140,000 sq. ft. ARBOC facility in Indiana**

**130 Team Members**

**2018 Market Share: North America low-floor cutaway ~65%**

ARBOC Specialty Vehicles
A NEW FLYER OF AMERICA COMPANY

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# Aftermarket

| | |
|---|---|
| **CURRENT POSITION** | • North America's largest bus and coach parts distributor<br>• Direct access to over 250 bus and coach engineers, providing expert technical support as well as cost-effective and timely parts procurement<br>• Launched AD24 in the UK in 2018. The online platform offers full range of spare parts, training, manuals, service bulletins, customer forums and vehicle solutions training and technology<br>• Growth of value added services with 5 new Vendor Managed Inventory (VMI) programs secured and launched in 2018/19 with additional parts kitting programs developed |
| **OUTLOOK** | • Continuing to pursue value added services including VMI contracts, parts kitting opportunities and longer term contracts with large U.S. and Canadian public transit agencies<br>• VMIs secured in 2018 are expected to provide small benefits in 2019 and grow over time<br>• AD24 online platform international rollout beginning in 2019<br>• Expanding NFI Parts North American offering to include ARBOC and cutaways<br>• Exploring strategic opportunities to leverage NFI Parts and ADL Parts capabilities and buying power |


**Support a global fleet of more than 105,000 vehicles**

**Multi-National footprint with 19 Parts Distribution Facilities**

**800+ Team Members**

nfi.parts AD24

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# NFI Positioned to Lead Technology Developments

## Leader in ZEBs and Infrastructure

- Electric variants available for Xcelsior 45' and 60' Xcelsior products have completed FTA Altoona test program
- MCI eCoach in development and testing phase
- ADL offers Enviro200 and Enviro400 EV models with Enviro500 in development
- Industry leading 100kWh to 600kWh of electric capacity
- Range of up to 260 miles (418 km) on a single charge
- Infrastructure Solutions provides turn-key charging projects
- VIC is dedicated to exploration/advancement of bus technology

VIC VEHICLE INNOVATION CENTER

NEW FLYER INFRASTRUCTURE SOLUTIONS™

## Advanced Driver Assistance Systems (ADAS)

- MCI has adopted Bendix Fusion Advanced Driver Assistance solutions
- New Flyer completing test collision-avoidance program with LA Metro
- New Flyer partnering with experienced autonomous technology partner (Robotic Research) developing Level 4 ADAS technology for buses
- In partnership with Stagecoach and Fusion Processing, ADL is developing its autonomous bus proposition in the UK

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## Telematics and Connected Vehicles

- New Flyer's Connect 360™ is real-time smart analytics reporting platform to enhance battery-electric bus operation, intelligence, and efficiency
- ADL's AD Connected system provides cloud based online fleet management and pre-emptive diagnostics
- MCI offers Cummins Connected and DD13 Virtual technician plus Saucon asset tracking and geo-fencing

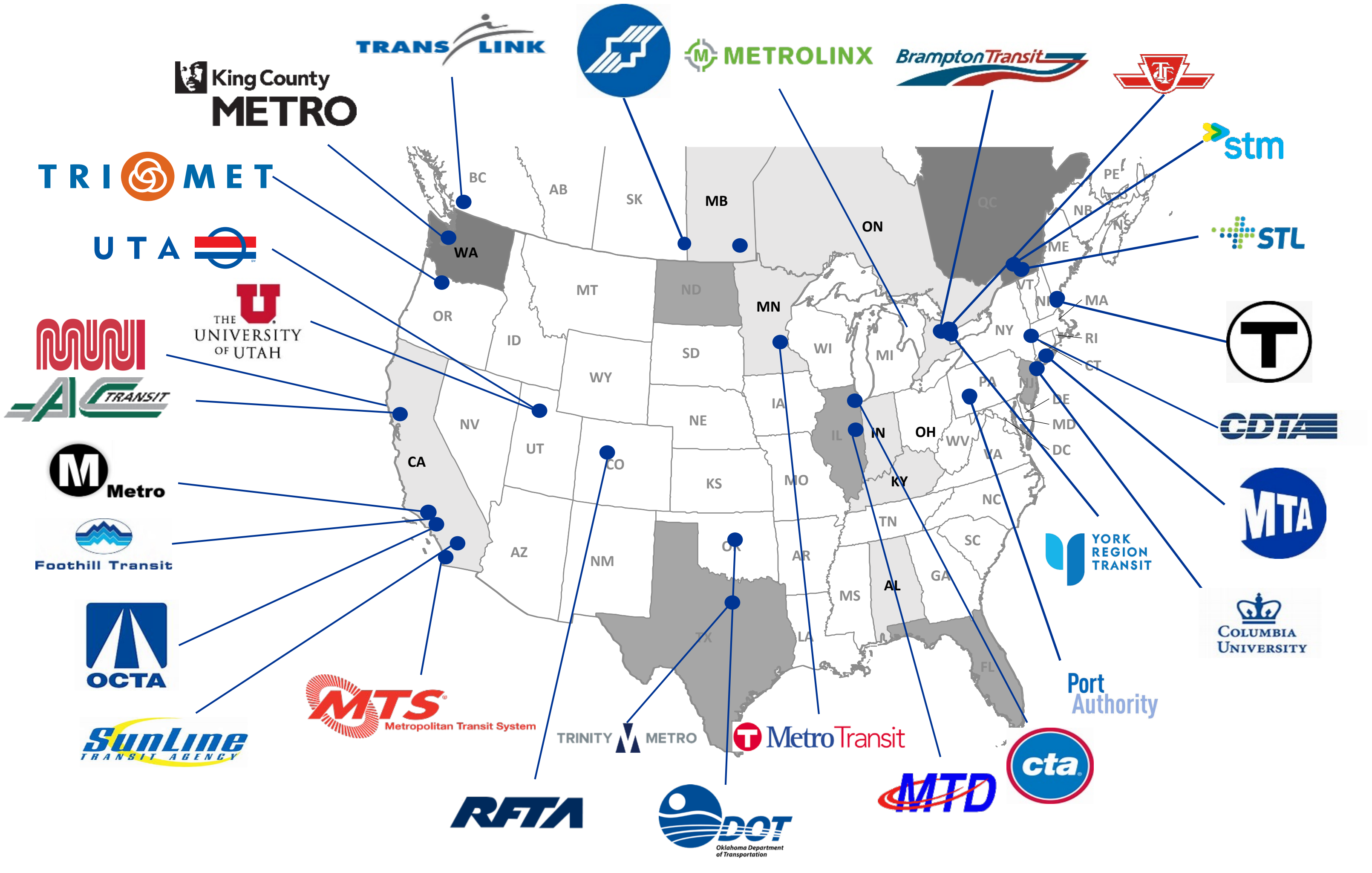
CONNECT 360™

ADCONNECTED

## Propulsion Agnostic on Proven Platforms

- Clean diesel
- Diesel-electric hybrid
- Compressed Natural Gas
- Electric (battery, trolley and fuel cell)
- ADL exploring hydrogen vehicle proposition

# A Leader in Zero Emission Buses: Active Projects





red bus 6 EVs sold to New Zealand Operator

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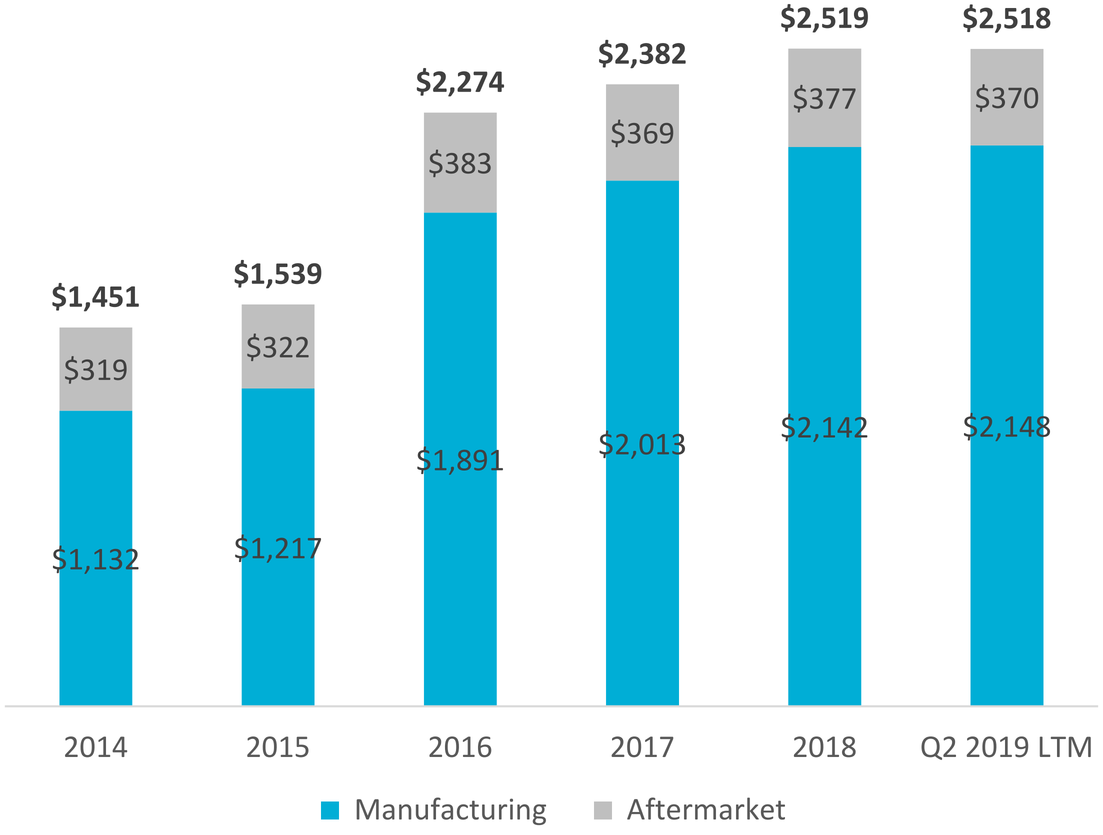
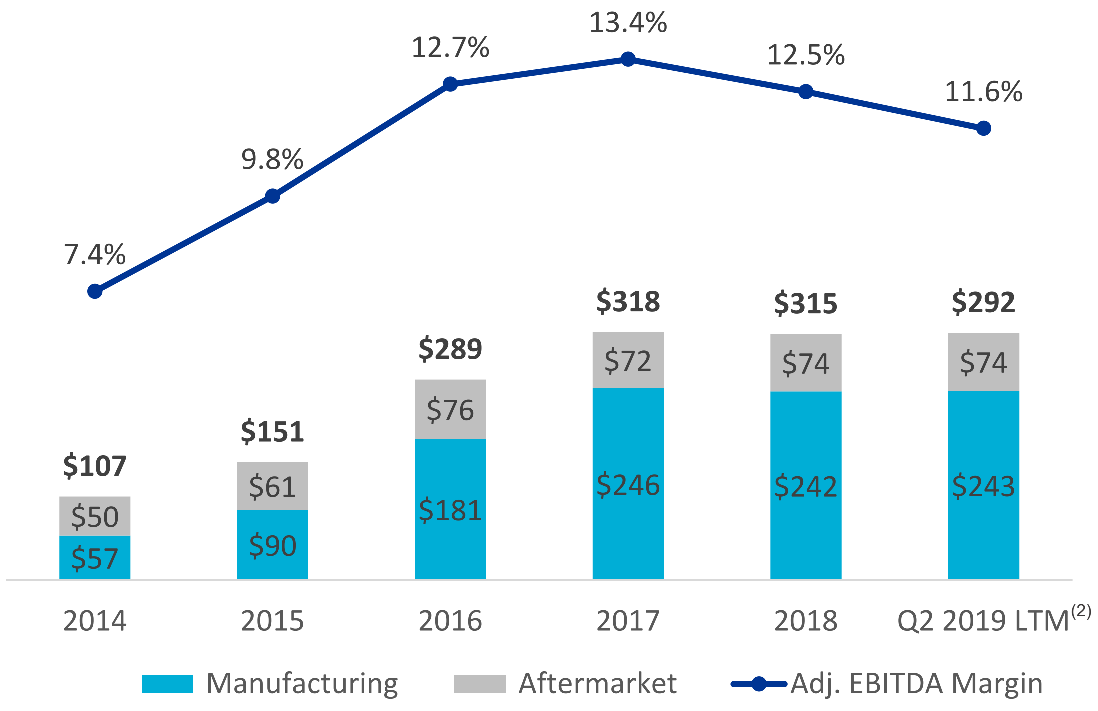
# Financial Performance

## Revenue by Segment 2014 – Q2 2019 LTM(1)

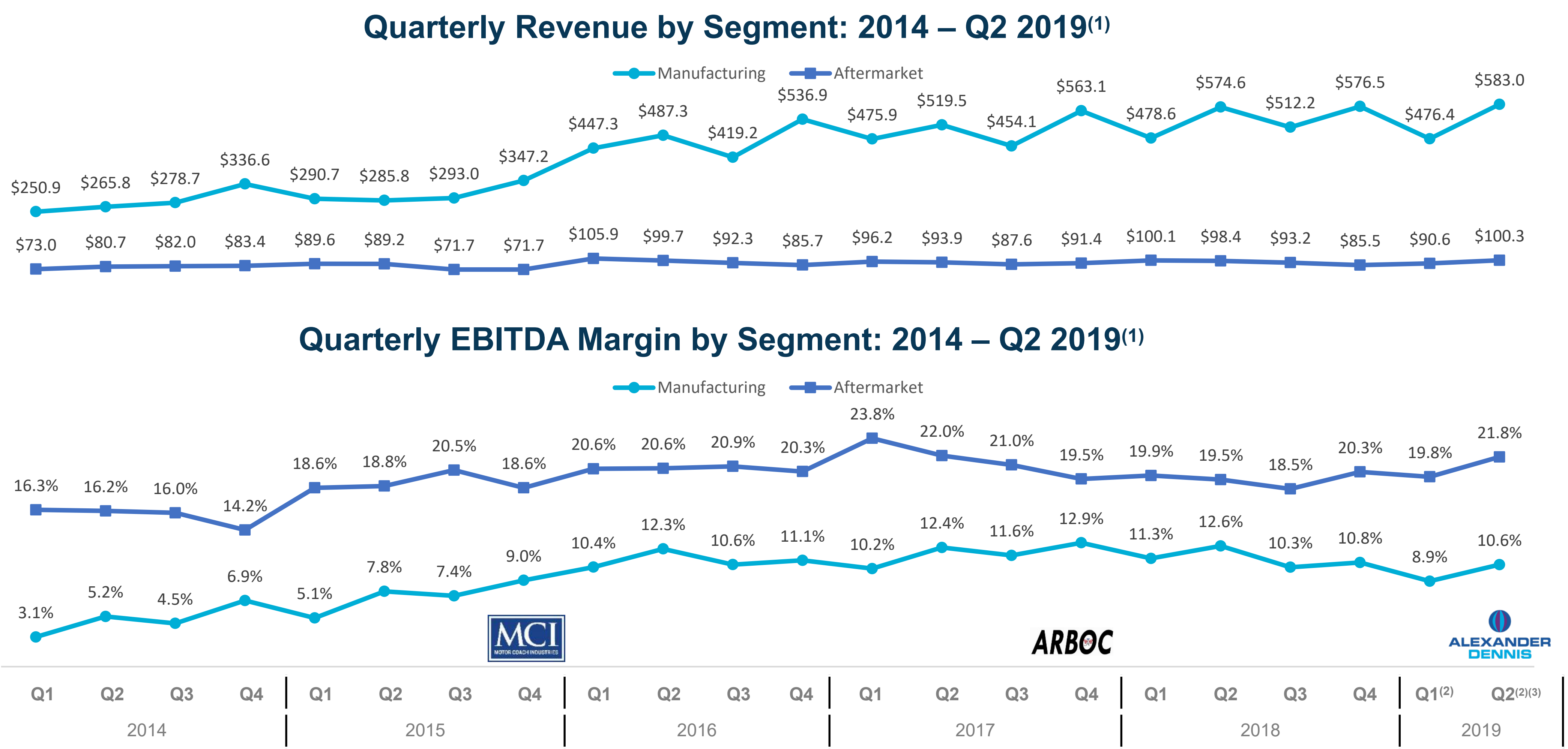



## Adj. EBITDA $ and % Margin 2014 – Q2 2019 LTM(1)




1) Only Q1 and Q2 2019 figures included within Q2 2019 LTM reflect the adoption of IFRS 16
2) Management changed presentation of segmented reporting by separating unallocated costs and corporate SG&A from Manufacturing and Aftermarket as such the totals for Q2 2019 LTM will not tie. The total corporate costs for the period included in Adjusted EBITDA were $25.6 million

# Quarterly Performance: The Impact of Product Mix



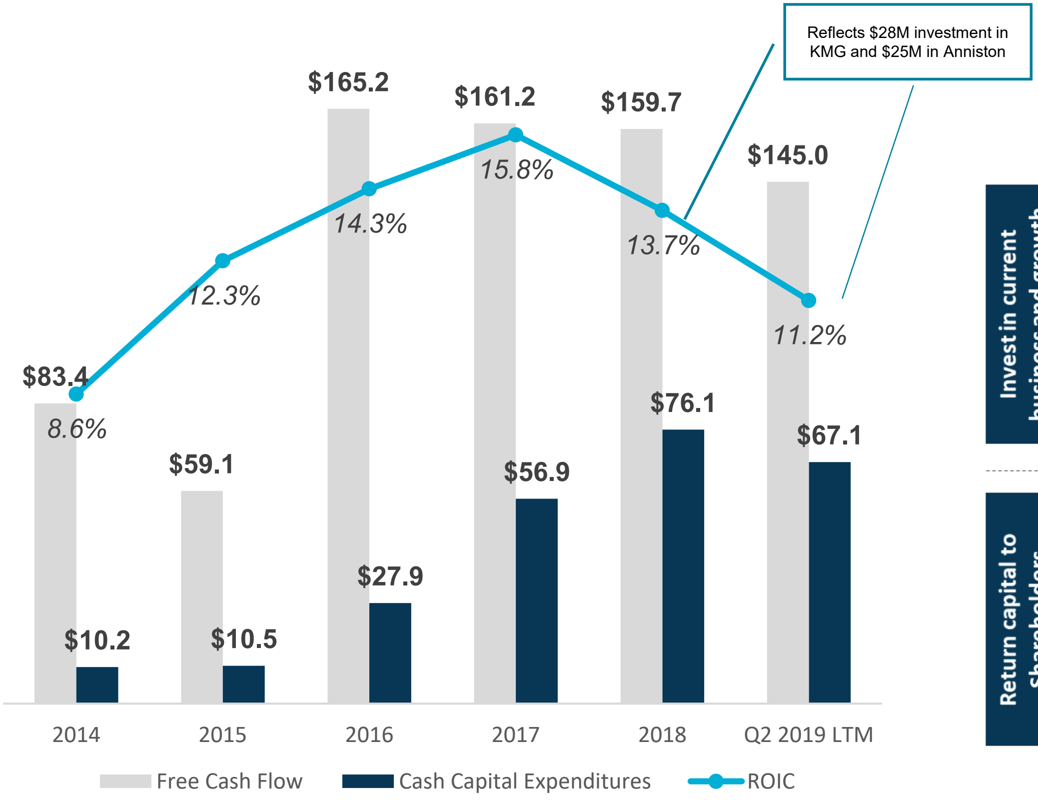

(1) ADL results included for the period from May 28, 2019 to June 30, 2019.

(2) Only Q1 2019 and Q2 2019 reflect the adoption of IFRS 16.

(3) Unallocated costs and corporate SG&A were traditionally included within Manufacturing and Aftermarket segments Adjusted EBITDA, but were separated starting in Q2 2019 and will be presented on this basis going forward. Historic figures presented above include unallocated costs and corporate SG&A within the Manufacturing and Aftermarket segments.

# Investing for the Future

## Free Cash Flow, Cash CapEx and Return on Invested Capital (ROIC)




## Capital Allocation 2012 to Q2 2019 LTM

**Invest in current business and growth**

**Capital Expenditures $252 USD** – Maintenance capital, facility upgrades, LEAN implementation, IT harmonization, insourcing and parts fabrication

**Acquistions $1,081 USD** – 7 acquisitions including May 2019 purchases of Alexander Dennis Limited

**Return capital to Shareholders**

**Dividends C$449** – Dividends increased by 39.5% in May 2017, by 15.4% in May 2018 and 13.3% in March 2019. Now $1.70/share paid quarterly.

**NCIB C$97** – NCIB launched in June 2018 and amended in January 2019 allowing for repurchase of up to 5,549,465 NFI shares. 2,385,275 shares purchased in since inception.

Q2 2019 LTM figures above reflect the adoption of IFRS 16, historical comparison periods do not

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# ADL Acquisition Rationale

| | |
|---|---|
| **MARKET LEADERSHIP**<br><br>**INTERNATIONAL DIVERSIFICATION**<br><br>**PLATORM FOR GROWTH** | ▪ ADL is the #1 UK bus manufacturer and #1 global producer of double-decker buses with a well established international presence<br>    ▪ Significant installed base in UK, Hong Kong, Canada, USA and New Zealand<br>▪ Growing North America business which augments NFI's product breadth and customer reach<br>▪ Successful track record of accessing and growing in new markets globally<br>    ▪ Recent success in Continental Europe (Switzerland and Germany) provides a platform for further expansion into Western Europe<br>    ▪ Operating model in Mexico to be utilized to investigate additional growth<br>▪ ADL revenue split: Bus = 84% of total sales, Motor coach = 5%, and Parts/Service = 11% |
| **ENHANCES NFI PRODUCT PORTFOLIO** | ▪ Adds class leading, internationally proven line-up of single-deck and double-deck buses<br>▪ Sharing of best practices and the optimization of existing partnerships internationally<br>▪ Enhances NFI's technical competencies on lightweight chassis / bodies<br>▪ UK's market leading electric bus business with significant product know-how and first mover advantage |
| **COST EFFECTIVE PLATFORM** | ▪ ADL operates flexible assembly model (both internal and 3rd party) with extensive manufacturing and engineering talent<br>▪ Operates successfully in very competitive environments. Buses assembled in the UK primarily for the UK market, in the US and Canada for domestic markets and even more cost competitive in foreign markets with local sourcing and 3rd party assembly |
| **FINANCIALLY COMPELLING** | ▪ Accretive to earnings per share and free cash flow(1) per share (before synergies)<br>▪ Rapid deleveraging to NFI's target range of 2.0x to 2.5x Total Debt to Adjusted EBITDA is expected over the next 18 to 24 months(2)<br>▪ Significant acquisition whilst maintaining NFI dividend policy<br>▪ Potential to capture revenue and cost synergies from the sharing of best practices and a combined market approach in North America |
| **STRONG CULTURAL FIT WITH COMMITMENT TO SAFETY AND ENVIRONMENT** | ▪ Strong cultural alignment between NFI and ADL with longstanding relationships and mutual respect<br>    ▪ Share similar cultures and values, especially towards quality, technology, innovation and customer experience<br>    ▪ Clear alignment on management strategy, market outlook, and EV adoption expectations<br>▪ ADL commitment to sustainable mobility and completely aligned with NFI<br>▪ ADL management to remain in place and to drive performance and international growth |

(1) See footnote on slide 3 and "Non-IFRS measures" under forward looking statements at the end of this presentation
(2) See forward looking statements at the end of this presentation

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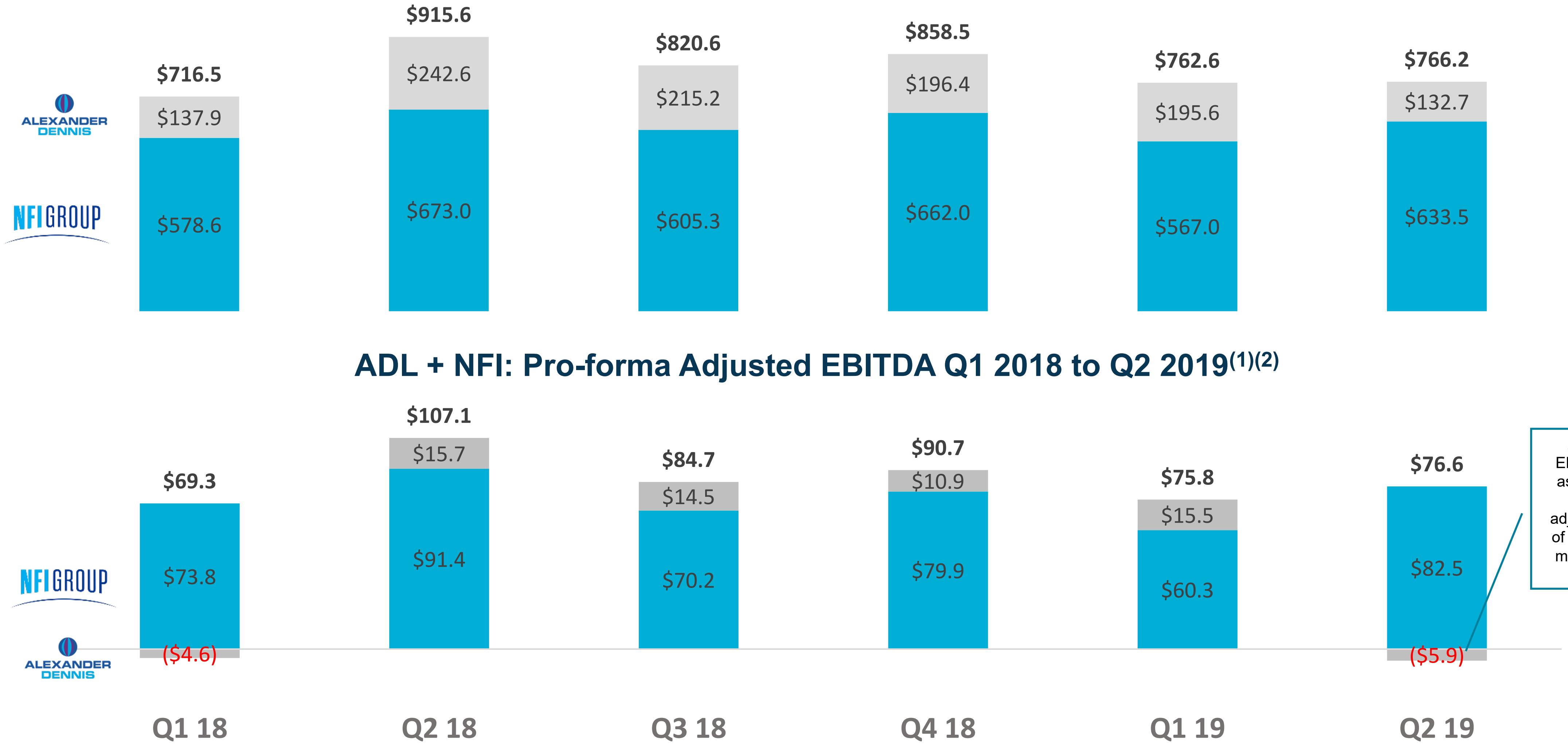
# Pro-forma Impact of ADL

## ADL + NFI: Pro-forma Revenue Q1 2018 to Q2 2019(1)

## ADL + NFI: Pro-forma Adjusted EBITDA Q1 2018 to Q2 2019(1)(2)




ADL negative Adj. EBITDA in June 2019 as expected primarily driven by IFRS adjustments and timing of deliveries with some movement from Q2 to Q3 2019

1) All ADL information related to the periods before the Acquisition Date are based on the audited financial statements of ADL provided to NFI, which were prepared on the basis of UK GAAP. NFI has not independently verified such statements. ADL's previously reported results have been conformed to IFRS, as presented above.

2) All figures are in U.S. dollars. Adjusted EBITDA is not a recognized earnings measure and does not have standardized meaning prescribed under IFRS. Therefore it may not be comparable to similar measures presented by other issuers.

# ADL Conversion from UK GAAP to IFRS

| | December 30, 2018 | | | December 30, 2018 | |
|---|---|---|---|---|---|
| | UK GAAP (000s in £) | IFRS Adjustments | Note | IFRS (000s in £) | IFRS (000s in $) |
| Turnover | £ 630,797 | £ (36,140) | (d)(e) | 594,657 | 792,116 |
| Cost of Sales | 536,963 | (24,299) | (d)(e) | 512,664 | 682,897 |
| Gross Profit | 93,834 | | | 81,993 | 109,219 |
| Distribution Costs | 21,461 | | | 21,461 | 28,587 |
| Administrative Expenses | 41,591 | (4,184) | (a)(b)(c) | 37,407 | 49,828 |
| Operating Profit | 30,782 | | | 23,125 | 30,804 |
| Interest income | (4,611) | (1,466) | (f) | (6,077) | (8,095) |
| Interest expense | 2,675 | | | 2,675 | 3,563 |
| Earnings before income tax expense | 32,718 | | | 26,527 | 35,336 |
| Income tax expense | | | | | |
| Current income taxes | 3,082 | | | 3,082 | 4,105 |
| Deferred income taxes | 985 | (1,459) | | (474) | (631) |
| Tax on profit | 4,067 | (1,459) | | 2,608 | 3,474 |
| Net earnings for the period | £ 28,651 | | | £ 23,919 | £ 31,862 |

a) Reduction new product development costs previously capitalized and reclassification of costs related to demo buses from intangible assets to tangible assets.

b) Adjustment to reflect that goodwill is not amortizing under IFRS.

c) Recognition of right-of-use assets, lease liabilities and related interest and depreciation related to IFRS 16.

d) Change in revenue recognition timing from completion of vehicle production to customer delivery or pickup. Change impacted 98EUs

e) Change in revenue recognition from revenue recognized over time to revenue recognized at a point in time.

f) Change in accounting for derivatives in accordance with NFI policy. Financial instruments are no longer designated as accounting hedges.

**ADL Q2 2019 Revenue Recognition policy change:**

Under previously used UK GAAP, ADL would have recognized sales of 426 EUs in Q2 2019 however following conversion to IFRS ADL only recognized the sale of 393 EUs. At the end of the quarter there were 64 vehicles complete, signed off by customers at the factory, however still in transit. These included the following vehicles: UK = 7, APAC = 41, EMEA = 12, North America = 4



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# Strong Balance Sheet and Cash Flow Generation

## Track Record of Balance Sheet Deleveraging

**Senior Secured Credit Facilities**

- ADL partially funded through new US$300 million Senior Secured Credit Facility
  - Currently being syndicated with an October 2023 maturity and has substantially the same terms as existing syndicated credit facility
- Remainder of purchase price funded with availability on existing NFI revolver

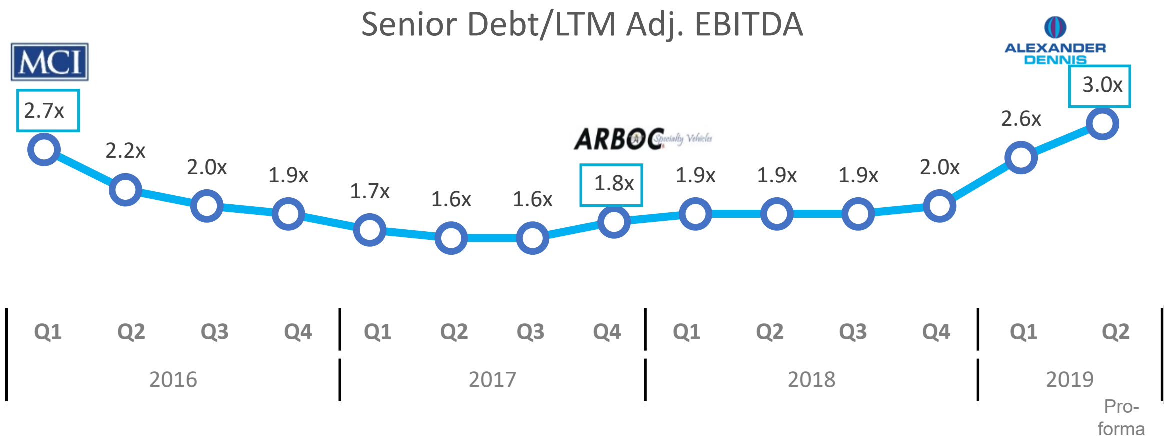
**Pro Forma**

- Pro forma total indebtedness to estimated combined Q2 2019 LTM Adjusted EBITDA[1] of approximately 3.0x as at June 30, 2019
- Strong near-term cash flow generation supports rapid de-leveraging

## Stable and Growing Dividend

- NFI has paid consistent and growing dividends every month / quarter since its IPO in 2005
- As a result of continued robust free cash flow generation NFI increased its annual dividend to $1.70 per share, effective March 2019
  - Represented a 13.3% increase from the previously announced annual dividend rate of $1.50
- Q2 2019 LTM Payout Ratio of 51.1%

## Historical NFI Leverage Profile[(1)(2)(3)]




## Historical Annualized Dividend (C$)


(1) Under NFI Senior Credit Agreement, Total Leverage Ratio did not include Convertible Debentures as debt.
(2) Q1 and Q2 LTM calculation is based on adoption of IFRS 16 from the period of January 1, 2019 onwards
(3) All ADL information related to the periods before the Acquisition Date are based on the audited financial statements of ADL provided to NFI, which were prepared on the basis of UK GAAP. NFI has not independently verified such statements. ADL's previously reported results have been conformed to IFRS, as presented above.

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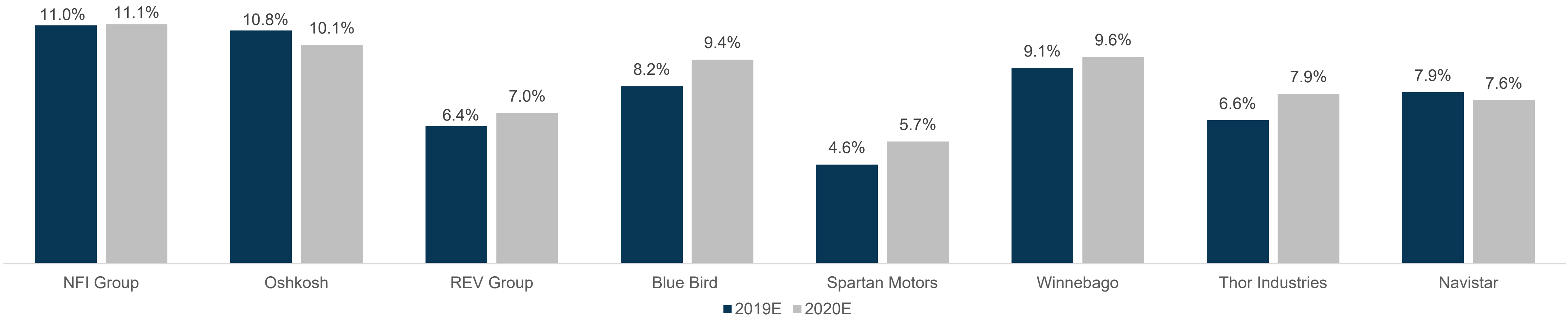
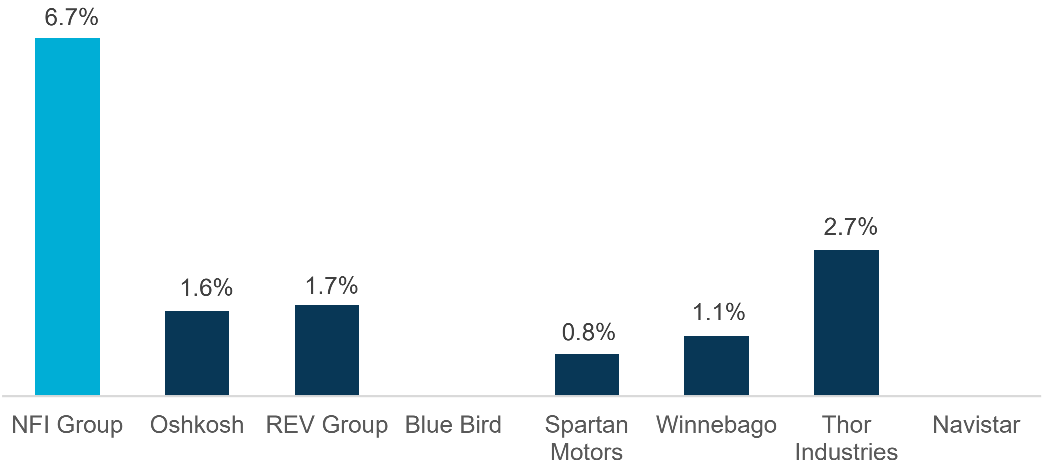
# Peer Leading EBITDA Margin, Dividend and FCF Yields

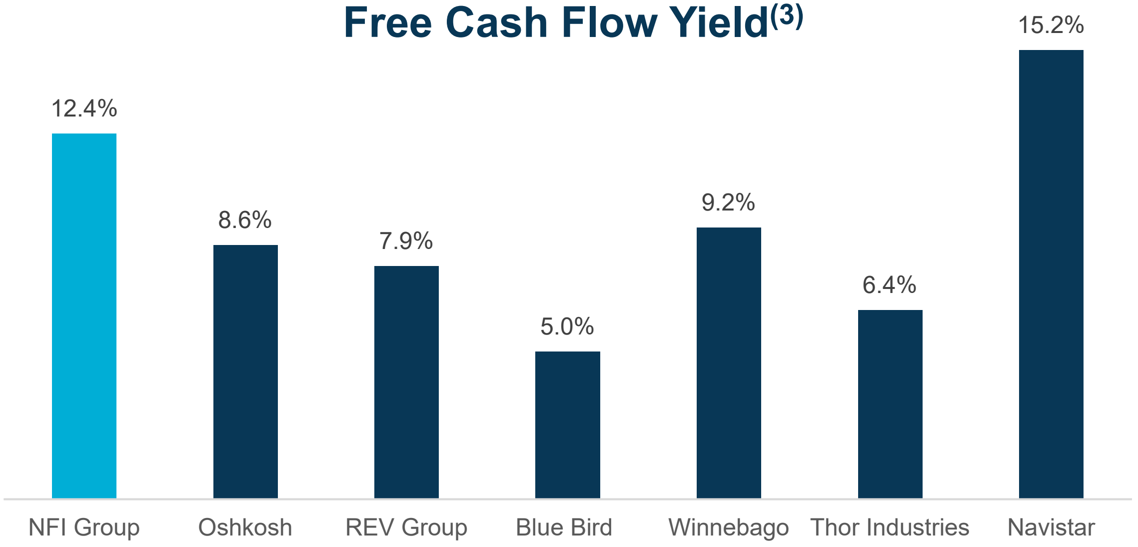
## Estimated EBITDA Margin % - 2019E and 2020E(1)




## Dividend Yield(2)




## Free Cash Flow Yield(3)




(1) Information as of August 19, 2019 – sourced from Thomson Reuters and based on average EBITDA 2019E and 2020E analysts consensus estimates
(2) Dividend Yield as of August 19, 2019. Blue Bird and Navistar do not pay a dividend
(3) FCF Yield calculated as Analyst Consensus 2019E FCF divided by market cap



NFI GROUP

# The World's Leading Independent Bus Builder

## Proud of our History, Excited About our Future

- Focus on deleveraging following transformational ADL acquisition. Reach 2.0x to 2.5x net debt to EBITDA target in 18 – 24 months
- Maintain sustainable dividend returned to shareholders
- Review company cost structures and lower fixed costs
- Define coordinated approach with New Flyer and ADL in North America to achieve revenue upside, operational optimization and cost synergies

**Execute our Plan**

- Guiding to deliver 5,660 EUs in 2019 (4,313 EUs in 2018)
- Leverage public transit US State contracts
- Recover from KMG part fabrication facility launch challenges and delay
- Recover from H1-19 production challenges at NF and MCI. Reduce WIP to normal levels by end of 2019
- Plan and prepare for various possible Brexit scenarios

**Prudent Capital and Cost Management**

**Capitalize on Investments**

- Deliver the best performing electric (battery and fuel-cell) vehicles levering experience and expertise from across NFI companies
- Continue to advance ADAS and Autonomous Drive agenda
- Grow EV leadership position in UK and expand geographic reach
- Support customer transition to electrification through New Flyer Infrastructure Solutions

**Drive Electrification and Technology Adoption**

- Drive margin enhancement from KMG fabrication
- Anniston expansion positive contribution to results
- Realize IT harmonization benefits at NFI Parts and seek additional footprint synergy
- Focus on medium Duty growth, electrification and lower ARBOC costs with process improvements
- Coordinated North American approach with ADL
- Maintain ADL leadership positions in UK and HK, grow internationally and prepare for Berlin DD

# Forward Looking Statements

Certain statements in this presentation 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 Presentation. 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, funding may not continue to be available to the Company’s customers at current levels or at all, the Company’s business is affected by economic factors and adverse developments in economic conditions which could have an adverse effect on the demand for the Company’s products and the results of its operations, currency fluctuations could adversely affect the Company’s financial results or competitive position, interest rates could change substantially, materially impacting the Company’s revenue and profitability, an active, liquid trading market for the Shares may cease to exist, which may limit the ability of shareholders to trade Shares, the market price for the Shares may be volatile, if securities or industry analysts do not publish research or reports about the Company and its business, if they adversely change their recommendations regarding the Shares or if the Company’s results of operations do not meet their expectations, the Share price and trading volume could decline. In addition, other risk factors may include, if securities or industry analysts publish inaccurate or unfavorable research about the Company or its business, the Share price and trading volume of the Shares could decline, competition in the industry and entrance of new competitors, failure of the ratification of the United States-Mexico-Canada Agreement (USMCA) could be materially adverse to NFI, current requirements under “Buy America” regulations may change and/or become more onerous or suppliers’ “Buy America” content may change, the implications from Brexit could have a negative impact on the Company’s UK business, operations and sales from the UK into the EU and the Company may have to modify its UK business practices in order to attempt to mitigate such impact and such mitigation steps may not be effective, failure of the Company to comply with the DBE program requirements or the failure to have its DBE goals approved by the FTA, absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience, United States content bidding preference rules may create a competitive disadvantage, local content bidding preferences in the United States may create a competitive disadvantage, requirements under Canadian content policies may change and/or become more onerous, operational risk, dependence on limited sources or unique sources of supply, dependence on supply of engines that comply with emission regulations, a disruption, termination or alteration of the supply of vehicle chassis or other critical components from third-party suppliers could materially adversely affect the sales of certain of the Company’s products, the Company’s profitability can be adversely affected by increases in raw material and component costs as well as the imposition of tariffs and surtaxes on material imports, the Company may incur material losses and costs as a result of product warranty costs, recalls and remediation of buses, production delays may result in liquidated damages under the Company’s contracts with its customers, catastrophic events may lead to production curtailments or shutdowns, the Company may not be able to successfully renegotiate collective bargaining agreements when they expire and may be adversely affected by labour disruptions and shortages of labour, the Company’s operations are subject to risks and hazards that may result in monetary losses and liabilities not covered by insurance or which exceed its insurance coverage, the Company may be adversely affected by rising insurance costs, the Company may not be able to maintain performance bonds or letters of credit required by its contracts or obtain performance bonds and letters of credit required for new contracts, the Company is subject to litigation in the ordinary course of business and may incur material losses and costs as a result of product liability claims, the Company may have difficulty selling pre-owned coaches and realizing expected resale values, the Company may incur costs in connection with provincial, state or federal regulations relating to axle weight restrictions and vehicle lengths, the Company may be subject to claims and liabilities under environmental, health and safety laws, dependence on management information systems and cyber security risks, the Company’s ability to execute its strategy and conduct operations is dependent upon its ability to attract, train and retain qualified personnel, including its ability to retain and attract executives, senior management and key employees, the Company may be exposed to liabilities under applicable anti-corruption laws and any determination that it violated these laws could have a material adverse effect on its business, the Company’s risk management policies and procedures may not be fully effective in achieving their intended purposes, internal controls over financial reporting, disclosure controls and procedures, ability to successfully execute strategic plans and maintain profitability, development of competitive or disruptive products, services or technology, development and testing of new products, acquisition risk, third-party distribution/dealer agreements, availability to the Company of future financing, the Company may not be able to generate the necessary amount of cash to service its existing debt, which may require the Company to refinance its debt, the Company’s substantial consolidated indebtedness could negatively impact the business, the restrictive covenants in the Company's credit facilities could impact the Company’s business and affect its ability to pursue its business strategies, payment of dividends is not guaranteed, a significant amount of the Company’s cash is distributed, which may restrict potential growth, NFI is dependent on its subsidiaries for all cash available for distributions, future sales or the possibility of future sales of a substantial number of Shares may impact the price of the Shares and could result in dilution, if the Company is required to write down goodwill or other intangible assets, its financial condition and operating results would be negatively affected, income tax risk, investment eligibility and Canadian Federal Income Tax risks, the effect of comprehensive U.S. tax reform legislation on the NF Group, whether adverse or favorable, is uncertain, certain U.S. tax rules may limit the ability of NF Holdings and its U.S. subsidiaries (the “NF Group”) to deduct interest expense for U.S. federal income tax purposes and may increase the NF Group’s tax liability, certain financing transactions could be characterized as “hybrid transactions” for U.S. tax purposes, which could increase the NF Group’s tax liability. NFI cautions that this list of factors is not exhaustive. These factors and other risks and uncertainties are discussed in NFI’s MD&A, press releases, Annual Information Form 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 MD&A 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 MD&A and NFI assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws.

**FINANCIAL TERMS, DEFINITIONS AND CONDITIONS**

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 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 presentation 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. Reconciliations of net earnings and cash flows to Adjusted EBITDA, Free Cash Flow to cash flows from operations and net earnings to Adjusted Net Earnings are provided in the MD&A

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.

All figures are in U.S. dollars unless otherwise noted.