NFI Group Announces First Quarter 2019 Results

May 8, 2019

Summary of 2019 Q1 results compared to 2018 Q1:

- **Revenue of $567 million decreased by 2%.**
- **Adjusted EBITDA of $60.3 million decreased by 18%.**
- **Net earnings of $16.1 million decreased by 47%. Earnings per Share of $0.26 decreased by 46% and Adjusted Earnings per Share of $0.26 decreased by 54%.**
- **Free Cash Flow of $32.4 million decreased by 20%.**
- **Dividends declared of C$25.9 million increased by 26%, representing a first quarter payout ratio of 60%.**
- **During 2019 Q1, the Company repurchased 232,100 shares through its Normal Course Issuer Bid ("NCIB") for a total cost of C$7.4 million at an average price of C$31.45.**
- **Overall Bid Universe increased by 5% from 2018 Q4 to 24,532 EUs, with active bids up by 24.1%.**

WINNIPEG, May 8, 2019 - (TSX:NFI) NFI Group Inc., ("NFI" or the "Company"), the leading transit bus and motor coach manufacturer and parts distributor in North America, today announced its financial results for 2019 Q1[1]. Readers are strongly advised to view the unaudited interim consolidated financial statements (the "Financial Statements") and the Management's Discussion and Analysis (the "MD&A") that are available at the Company's website at: https://www.nfigroup.com/investor-relations/performance-reports/ and under the Company's profile on www.sedar.com

"The first quarter is typically NFI's slowest period and our financial results reflected this seasonality," said Paul Soubry, President and Chief Executive Officer of NFI. "While there were some unusual headwinds during the first quarter related to adverse weather and chassis supply disruption for certain ARBOC vehicles, there were also many positives including an increase in active bids, significant new vehicle awards, improvement in our book-to-bill ratio and the successful launch of New Flyer Infrastructure Solutions. I am encouraged by our performance in the second quarter and have a positive outlook for the remainder 2019 as we expect to realize the benefits of investments made in our business which will help us enhance our competitiveness, maintain leadership positions, improve margins, generate strong free cash flow and return capital to shareholders."

2019 Q1 Impact of the Transition to IFRS 16

Effective December 31, 2018, the Company adopted IFRS 16, the accounting standard which specifies how to recognize, present and disclose leases. This standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. On transition, the Company has elected to use the following practical expedients and policies:

- To utilize the modified retrospective approach to adopting the standard, accordingly comparative information for 2018 has not been restated
- To utilize the definition of a lease under International Accounting Standard 17 to identify contracts that are, or contain, leases
- To exclude the recognition of the right-of-use asset and lease liability for leases with a term of twelve months or less
- To exclude the recognition of the right-of-use asset and lease liability for leases of low-value assets
- To value the right-of-use asset as equal to the lease liability, adjusting for related amounts prepaid or accrued

The impact of the adoption of IFRS 16 primarily impacts NFI's Earnings from Operations, Adjusted EBITDA, Net earnings and Adjusted Net Earnings, and the associated per common share ("Share") amounts, Return on Invested Capital ("ROIC") and several balance sheet accounts as reported in the Financial Statements and MD&A. The primary impacts of the transition on several of NFI's key financial metrics are summarized in the table below.

Impact of IFRS 16 Transition on Consolidated Results	**2019**	**2019**	**2018**
(Unaudited, U.S. dollars in millions)	**Q1**	**Q1 (excluding IFRS 16)**	**Q1**
Adjusted EBITDA			
Manufacturing	$ 42.4	$ 40.5	$ 53.9
Aftermarket	17.9	17.3	19.9
Total Adjusted EBITDA	**$ 60.3**	**$ 57.8**	**$ 73.8**
Earnings from operations	**$ 40.9**	**$ 40.5**	**$ 51.8**
Net earnings	**$ 16.1**	**$ 17.5**	**$ 30.4**
Adjusted net earnings	**$ 15.8**	**$ 17.2**	**$ 36.1**

Adjusted EBITDA % of revenue			
Manufacturing	8.9%	8.5%	11.2%
Aftermarket	19.8%	19.0%	19.9%
Total Adjusted EBITDA as % of revenue	**10.6%**	**10.2%**	**12.7%**
Manufacturing Adjusted EBITDA per new EU	$ 47.0	$ 44.9	$ 54.3
Net earnings per Share (basic)	**$ 0.26**	**$ 0.29**	**$ 0.48**
Adjusted earnings per Share (basic)	**$ 0.26**	**$ 0.28**	**$ 0.57**
Total assets	$2,205.2	$2,099.3	$ 2,045.3
Total long-term liabilities	972.3	863.3	814.4
ROIC (Last Twelve Months ("LTM"))	12.5%	12.5%	16.2%

Management recommends that readers review the Company's Financial statements and MD&A for 2019 Q1 that provides further details on the impact of adoption of IFRS 16. All other financial information provided for 2019 Q1 within this release is presented with adoption for IFRS 16.

2019 Q1 Financial Results

Consolidated Results	**2019**	**2018**	**LTM**	**LTM**
(Unaudited, U.S. dollars in millions)	**Q1**	**Q1**	**2019 Q1[(1)]**	**2018 Q1[(1)]**
Deliveries (Equivalent Units "EUs")				
Transit bus	693	671	2,803	2,750
Motor coach	140	187	983	1,017
Medium-duty and cutaway buses	70	135	437	162
New transit bus, coach and cutaway deliveries	**903**	**993**	**4,223**	**3,929**
Pre-owned coach deliveries	83	64	487	409
Revenue				
Manufacturing	$ 476.4	$ 478.6	$ 2,139.7	$ 2,015.3
Aftermarket	90.6	100.1	367.7	373.1
Total Revenue	**$ 567.0**	**$ 578.7**	**$ 2,507.4**	**$ 2,388.3**
Adjusted EBITDA				
Manufacturing	$ 42.4	$ 53.9	$ 228.1	$ 243.6
Aftermarket	17.9	19.9	73.7	76.8
Total Adjusted EBITDA	**$ 60.3**	**$ 73.8**	**$ 301.8**	**$ 320.4**
Net earnings				
Earnings from operations	$ 40.9	$ 51.8	$ 227.0	$ 248.8
Non-cash gain (loss)	0.9	(3.1)	4.5	(1.0)
Interest expense	(18.1)	(3.8)	(42.0)	(17.8)
Income tax expense	(7.7)	(14.5)	(43.9)	(46.1)
Net earnings	**$ 16.1**	**$ 30.4**	**$ 145.7**	**$ 183.8**
Adjusted net earnings	**$ 15.8**	**$ 36.1**	**$ 146.0**	**$ 192.2**
Free cash flow (U.S. dollars)	$ 32.4	$ 40.7	$ 151.3	$ 161.5
Free cash flow (CAD dollars)	$ 43.2	$ 52.4	$ 201.3	$ 205.7
Declared dividends (CAD dollars)	$ 25.9	$ 20.5	$ 95.7	$ 81.8
Adjusted EBITDA % of revenue				
Manufacturing	8.9%	11.2%	10.7%	12.1%
Aftermarket	19.8%	19.9%	20.0%	20.6%
Total Adjusted EBITDA as % of revenue	**10.6%**	**12.7%**	**12.0%**	**13.4%**
Manufacturing Adjusted EBITDA per new EU	$ 47.0	$ 54.3	$ 54.0	$ 62.0

Net earnings per Share (basic)[(2)]	**$ 0.26**	**$ 0.48**	**$ 2.33**	**$ 2.96**
Adjusted earnings per Share (basic)	**$ 0.26**	**$ 0.57**	**$ 2.33**	**$ 3.10**
Average EU selling price (dollars in thousands)				
Transit buses	$ 552.6	$ 533.4	$ 544.8	$ 509.3
Motor coaches	529.5	522.2	522.5	534.1
Medium-duty and cutaway buses	103.8	81.8	87.0	82.4
New transit bus, coach and cutaway deliveries	**$ 500.3**	**$ 469.9**	**$ 492.3**	**$ 498.1**
Pre-owned coach	$ 120.6	$ 127.1	$ 98.9	$ 125.8

(1) Within the LTM 2019 Q1 results only 2019 Q1 numbers include IFRS 16. LTM 2018 Q1 results do not include IFRS 16. Totals may not add due to rounding.

Manufacturing revenue decreased by $2.2 million, or 0.5%, in comparison to 2018 Q1. Heavy-duty transit revenues were up by $25.1 million quarter-over-quarter from sales mix and increased volumes but were offset by a 24.1% decrease in motor coach volumes and a $3.8 million decrease in medium and low-floor cutaway revenues, which was driven by a chassis supply disruption for certain ARBOC vehicles. The lower coach volumes were driven by unfavorable weather, larger seasonality impact than 2018 Q1 and new model launches impacting production line efficiency. While heavy-duty transit volumes were higher than the comparative period, they were negatively impacted by unfavorable weather. Management expects the lost heavy-duty and low-floor cutaway volumes will be recovered in future periods.

Aftermarket revenue decreased by $9.5 million, or 9.5%, compared to 2018 Q1, primarily due to the impact from lost parts sales as a result of Daimler's termination of MCI's Distribution Rights Agreement ("DRA") to sell and support German made Setra motor coaches in the U.S. and Canada, market softness in the private motor coach aftermarket segment and fewer fleet renewal programs. A positive trend in the Aftermarket segment was 6% revenue growth in 2019 Q1 from 2018 Q4.

Manufacturing Adjusted EBITDA decreased by $11.5 million, or 21.3%, primarily due to lower coach and medium-duty and low-floor cutaway delivery volumes and the impact of adverse weather on the coach and heavy-duty transit businesses. Unfavorable weather conditions resulted in lost production days, overhead inefficiency and higher overtime costs, in both the New Flyer and MCI businesses. Additionally, increased production of new products and related learning curves plus normal changes in margin due to sales mix contributed to the overall reduction in Adjusted EBITDA. Continued startup losses incurred in the Shepherdsville parts fabrication facility (operated by NFI subsidiary, KMG Fabrication Inc. ("KMG")) of $2.0 million also negatively impacted 2019 Q1 results. The KMG startup loss in 2019 Q1 was an improvement from the $3.4 million loss in 2018 Q4.

Aftermarket Adjusted EBITDA decreased by $2.0 million compared to 2018 Q1. The decrease is primarily due to lower sales volumes driven by lost parts sales from the Setra DRA, and softness in private motor coach and fleet renewal programs.

Net earnings during 2019 Q1 decreased by $14.3 million, or 47.0%, compared to 2018 Q1, and Net Earnings per Share decreased by $0.22. In addition to the factors that led to the decrease in Adjusted EBITDA, interest expense increased by $14.3 million, primarily from losses on the Company's interest rate derivatives and higher average draw under the Company's credit facility due to changes in working capital, Share repurchases under the Company's NCIB and dividends paid. Partially offsetting these items were lower income tax expenses.

Adjusted Net Earnings during 2019 Q1 decreased by $20.3 million compared to 2018 Q1, primarily due to the previously mentioned impacts on Net Earnings.

Liquidity

Free cash flow in 2019 Q1 decreased by $8.3 million, or 20.4%, when compared to 2018 Q1. The decrease was primarily due to lower earnings from operations. Dividends declared increased by 26.3% in 2019 Q1 as a result of increases in the annual dividend rate, partially offset by the impact of repurchases under the Company's NCIB program. The factors noted above temporarily increased the payout ratio from 39.0% to 60.0%.

NFI's liquidity position as at March 31, 2019 was $301.5 million a decrease from the position of $355.4 million at December 31, 2018. The decrease in liquidity primarily relates to the amount of capital returned to shareholders through dividends and repurchase of shares under the NCIB as well as changes in non-cash working capital, which are primarily seasonal in nature and expected to be temporary. Management believes these funds, together with share and debt issuances, other borrowings capacity and the cash generated from NFI'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, the increased dividend payments and other operational needs for the foreseeable future.

Outlook

Management's outlook for the heavy-duty transit bus market remains healthy, while private motor coach is expected to continue to experience some headwinds. Overall, demand for low-floor cutaway and medium-duty buses is encouraging. Management believes the significant investments the Company has made in new product models, zero-emission buses (ZEBs), facility upgrades and LEAN manufacturing processes, parts fabrication, and IT harmonization will permit NFI to enhance competitiveness and maintain leading positions in core markets.

As noted in NFI's April 15 th deliveries, orders and backlog release ARBOC experienced chassis supply disruption during the first quarter for certain ARBOC low-floor cutaway vehicles which impacted NFI's ability to deliver products. While ARBOC is now consistently receiving chassis in order to reflect the 2019 Q1 impact of lower cutaway deliveries, management has updated its Fiscal 2019 delivery guidance. No changes have been made to heavy-duty transit or motor coach delivery guidance. Management's Fiscal 2019 guidance is now revised to 4,410 EUs, a decrease of 45 low-floor cutaway EUs from previously reported expected deliveries.

Management was encouraged by first quarter growth in NFI's Bid Universe, which is a Company generated metric that reflects active public-sector competitions in Canada and the United States and a forecast of public customer projections for expected EUs to be placed out for competition over the next five years. At the end of 2019 Q1, the total Bid Universe was 24,532 EUs, an increase of 4.7% from 2018 Q4, while the active Bid Universe, which includes all requests for proposals received and in process of review plus bids submitted and awaiting customer action, increased by 24.1%. The Bid Universe EUs fluctuate significantly from quarter-to-quarter based on public tender activity procurement and award processes.

ZEBs continue to be an area of growing focus for New Flyer customers. ZEBs currently represent approximately 5% of New Flyer's total backlog, with significant orders from major cities including: Toronto, Boston, Minneapolis, San Diego, New York, Seattle, Portland, Oakland, and Vancouver. In August of 2018, New Flyer received Canada's largest ever battery-electric bus order from two Quebec operators. To further strengthen NFI's ZEB offering, in 2019 Q1 the Company launched New Flyer Infrastructure Solutions ™, a service aimed at providing safe, reliable, smart and sustainable charging and mobility solutions to public transit customers.

NFI Parts continues to focus on numerous strategic initiatives to counter competitive intensity and deliver profit growth. These initiatives include additional focus on vendor managed inventory (VMI) programs, an enhanced product offering, and capitalizing on the implementation of a common IT platform across the aftermarket business.

With the addition of MCI and ARBOC, the Company's annual delivery schedule now has an element of seasonality due to the nature of each market segment and the annual production and vacation schedule of each manufacturing facility. Overall, management anticipates deliveries will tend to be higher in the second and the fourth quarters of the year as compared to the first and third quarters. This seasonality will be reflected in the Company's financial results for those respective periods. Within NFI Parts management expects there to be typical quarter-to-quarter volatility.

While 2019 Q1 financial results were negatively impacted by adverse weather, chassis supply disruption and lower seasonal volumes in motor coach, management does not expect the same factors to repeat in the second quarter. Management anticipates that a significant portion of the missed heavy-duty transit deliveries from 2019 Q1 should be made up during the remainder of the year.

Management believes NFI's strong Free Cash Flow generation and low leverage position it well to continue to purchase Shares under its NCIB, while permitting it to maintain its current dividend rate. The Company continues to consider strategic initiatives to grow and diversify the business, including through investments in its current operations and evaluation of strategic acquisition opportunities.

Returning Capital to Shareholders

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 2019 Q1 the Company repurchased 232,100 Shares at an average price of C$31.82 per Share for a total repurchase cost of C$7.4 million.

On March 13, 2019, the Company's board of directors (the "Board") approved an increase in the annual dividend rate from C$1.50 per Share to C$1.70 per Share, which represented an increase of 13.3%. The dividend increase was supported by continued expectations for strong Free Cash Flow generation and lower expected capital expenditures in Fiscal 2019. The new annual dividend rate of C$1.70 per Share became effective for dividends declared after March 13, 2019.

Board Member Renewal

One of NFI's longest serving board member, Mr. V. James Sardo, has announced that he will not be seeking re-election to NFI's board and he will be retiring following the Company's 2019 Shareholders' Meeting to be held on May 9, 2019. Mr. Sardo first joined NFI's board in 2005 when the Company launched its initial public offering and brought a wealth of corporate knowledge to NFI's Board gained from his numerous leadership positions with leading North American companies. Mr. Sardo chaired the Company's Human Resources, Compensation and Corporate Governance Committee where he championed the Company's rigorous Board governance frameworks. NFI's Board and management would like to thank Mr. Sardo for his outstanding contribution to NFI and wish him all the best in retirement.

Ms. Katherine Winter is being nominated for the Board for the first-time at the Company's 2019 Shareholders Meeting. Ms. Winter is the Vice President & General Manager, Automated Driving Solutions Division of Intel Corporation (Intel's global organization which delivers comprehensive platforms for Advanced Driver Assist Systems and Autonomous Driving solutions). Prior to joining Intel, Ms. Winter was Vice President, Software & Services, Automated Driving for Delphi Electronics & Safety, where she led automated driving efforts, global new-growth strategies for embedded and aftermarket software products, and cloud-based automotive and consumer services. Ms. Winter holds a Bachelor of Science in Industrial Engineering from University of Illinois, a Master of Business Administration from The University of Chicago and attended Harvard's Board Governance Executive Program. Should Ms. Winter be elected to the Board, the Board will be comprised of nine directors.

Conference Call

A conference call for analysts and interested listeners will be held on May 9, 2019 at 8 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/1978226/70EB3F20598D871CFAC433424E608451

A replay of the call will be available from 11:00 a.m. (ET) on May 9, 2019 until 11:59 p.m. (ET) on May 16, 2019. To access the replay, call 855-859-2056 or 416-849-0833 and then enter pass code number 7840939. The replay will also be available on NFI's web site at www.wordpress-336039-1034032.cloudwaysapps.com.

About NFI Group

With over 6,300 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 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) on proven bus platforms. It also supports infrastructure development through New Flyer Infrastructure Solutions™, a service dedicated to providing safe and reliable charging and mobility solutions. In total, NFI supports over 74,000 buses and coaches currently in service across North America. For the fiscal year ended December 30, 2018, NFI posted revenues of US $2.5 billion. Further information is available at www.wordpress-336039-1034032.cloudwaysapps.com, www.newflyer.com, www.mcicoach.com 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, Free Cash Flow, ROIC, Adjusted Net Earnings and Adjusted Earnings per Share are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA, Free Cash Flow, ROIC, 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 in the MD&A 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, 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, 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 Unites 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, 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 transit buses and motor coaches, 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 Credit Facility 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 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 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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