NFI

Leading the ZEvolution.™

Earnings Presentation – 2021 Q2 Results

August 4, 2021

Cautionary Statement

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. These forward-looking statements are made as of the date of this presentation and NFI assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws. See the Appendix to this presentation for more details about the forward-looking statements.

In addition, certain financial measures used in this presentation are not recognized earnings measures and do not have standardized meanings prescribed by International Financial Reporting Standards (“IFRS”). Therefore, they may not be comparable to similar measures presented by other issuers. See the Appendix to this presentation and the Company’s related Management Discussion & Analysis (“MD&A”) for more information and detailed reconciliation to the applicable IFRS measures.

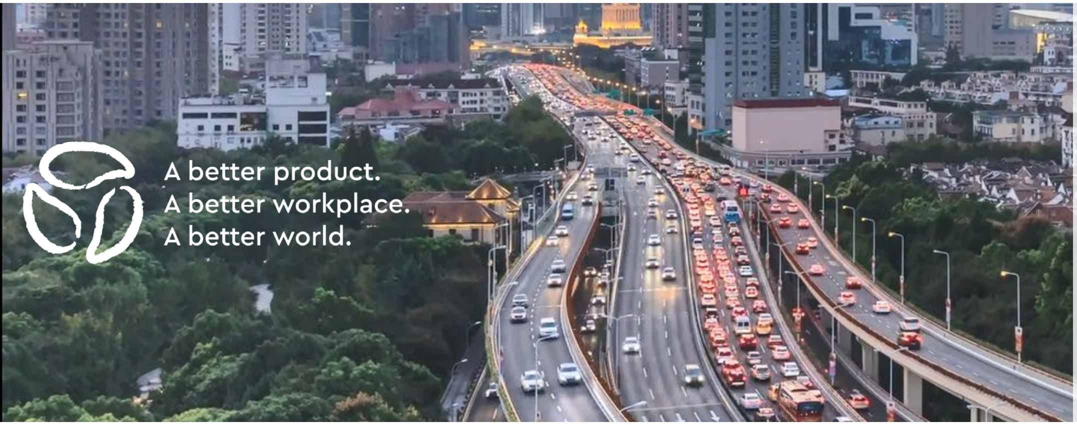
All figures in U.S. dollars unless otherwise noted.

Key Terms

- Buses manufactured by New Flyer and ADL's single and double deck buses are classified as "**transit buses**". ARBOC manufactures body on-chassis or “**cutaway**” and "**medium-duty**" buses that service transit, paratransit, and shuttle applications. Collectively, transit buses, medium-duty buses and cutaways, are referred to as "**buses**".
- A “**motor coach**” or “**coach**” is a 35-foot to 45-foot over-the-highway bus typically used for intercity transportation and travel over longer distances than heavy-duty transit buses and is typically characterized by (i) one or two axles in the rear (related to the weight of the vehicle), (ii) high deck floor, (iii) baggage compartment under the floor, (iv) high-backed seats with a coach-style interior (often including a lavatory), and (v) no room for standing passengers.
- **Zero-emission buses** ("**ZEBs**") consist of trolley-electric, hydrogen fuel cell-electric, and battery-electric buses.
- One **equivalent unit** (or “**EU**”) represents one production “slot”, being one 30-foot, 35-foot, 40-foot, 45-foot heavy-duty transit bus, one double deck bus, one medium-duty bus, one cutaway bus or one motor coach, whereas one articulated transit bus represents two equivalent units. An articulated transit bus is an extra-long transit bus (approximately 60-feet in length), composed of two passenger compartments connected by a joint mechanism. The joint mechanism allows the vehicle to bend when the bus turns a corner yet have a continuous interior.
- Many public customer contracts include options to purchase transit buses and motor coaches in the future, and a large portion of the Company’s order book is represented by “**options**” as opposed to “**firm orders**.”

We Exist To Move People

A leading independent global provider of bus and motor coach solutions



VISION: To enable the future of mobility with innovative and sustainable solutions.

MISSION: To design and deliver exceptional transportation solutions that are safe, accessible, efficient and reliable.

WE PLEDGE to be customer focused

WE MUST EARN the trust of those we serve and those they serve

WE FOSTER smart leadership

WE BELIEVE in sustainability

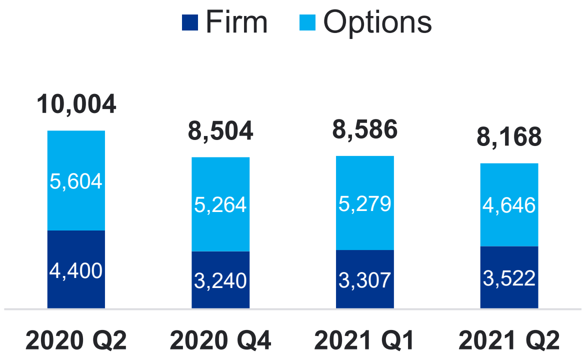
WE VALUE honesty, hard work and teamwork

2021 Q2: Executive Summary

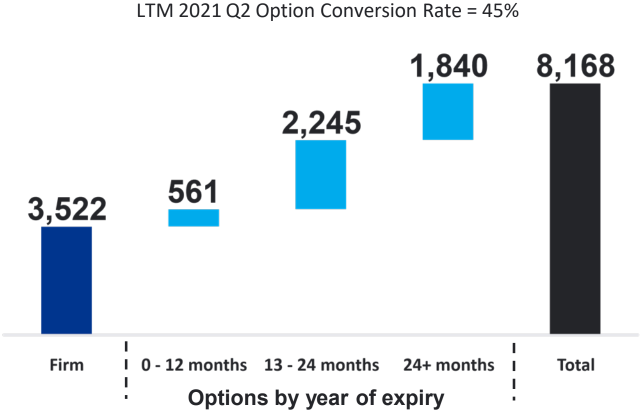
- **2021 YTD results continue to be impacted by COVID-19 related labor and supply challenges**
  - Anticipate supply chain challenges to be transitory, but they are global in nature
  - Managing logistics, production schedule and risks with top suppliers
- **Tailwinds: Unprecedented government funding announcements with Sales/Bid teams busier than ever**
  - Growth in backlog and active procurements; encouraging signs of market recovery; unprecedented levels of government support in all key markets
- **Ending total backlog down slightly, but still at 8,168 EUs (valued at $4.3 billion); Active Bids up 48% from 2021 Q1**
- **Continued leadership in zero emission buses and coaches**
  - Electric buses represented 8% of deliveries in the quarter (83 ZEB EUs delivered)
  - Large EV awards in California, England, Scotland and Ireland
  - Announced entry into Australian market via strategic partnership
  - Three new EV models launched in this Q2, for a total of seven new models in 2021
  - ZEBs now 16% of the backlog
- **NFI Forward transformation on schedule and on target with numerous projects completed**
  - 2021 Q2: $13M Adj. EBITDA, $1M annualized FCF; $42M in savings since inception
- **Released Environmental, Social and Governance (ESG) Report for 2020**
- **Guidance reaffirmed for 2021 ($220 to $240M Adjusted EBITDA)**

2021 Q2: Backlog and New Vehicle Deliveries

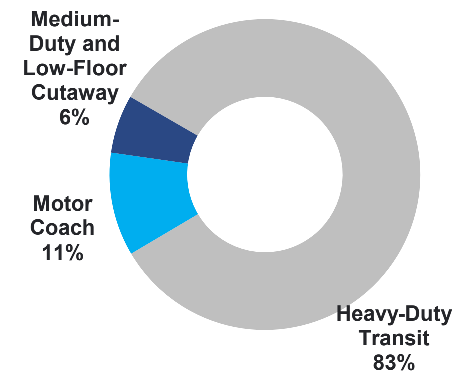
Backlog – Firm & Option



Backlog – Timing



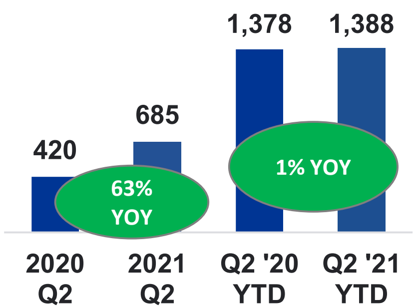
Backlog – By Product[1]



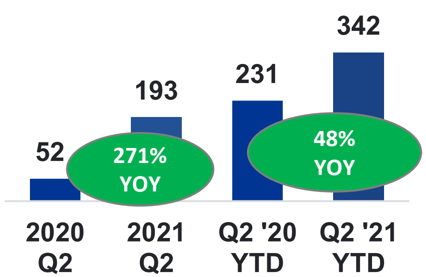
(1) Options for ARBOC vehicles are held by dealers, rather than the operator, and are not included as an option in the NFI backlog.

Deliveries: 2021 Q2 EUs

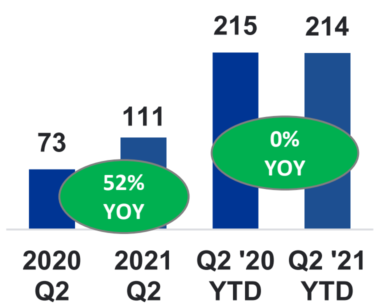
Heavy-Duty Transit



Motor Coach



Medium-Duty / Low-Floor Cutaway



2021 Q2 Showed Early Signs of Recovery; ZEBs are now 16% of Total Backlog

2021 Q2: Income Statement and Balance Sheet

2021 Q2 Performance

	2020 Q2	2021 Q2
Sales	**$333.3M**	**$582.8M**

Adjusted EBITDA[1]

	2020 Q2	2021 Q2
EPS (reported)	($1.18)	$0.04
EPS (Adjusted)[1]	($0.91)	$0.12

2021 Q2	Revenue	Adjusted EBITDA[1]
Manufacturing	$459.3M	$21.3M
Aftermarket	$123.5M	$24.9M
Corporate	–	$5.7M

2021 Q2 Cash Flow & Liquidity

Cash Flow ($M)

	2020 Q2	2021 Q2
Adjusted EBITDA	($24.2)	$51.9
Interest Expense	($14.9)	($16.5)
Current Income Tax	$4.5	($7.8)
Cash Capital Expenditures plus Lease	($8.6)	($12.9)
Proceeds from disposition of property	$0.1	$0.7
Other	-	
Free Cash Flow (USD)[1]	**($43.1)**	**$15.4**
FX Rate	1.3688	1.2294
Free Cash Flow (CAD)[1]	**($58.9)**	**$18.9**
Dividends (CAD)	$13.3	$15.1
Payout Ratio	**(22.6%)**	**79.8%**

Liquidity[1] & Working Capital

	2021 Q1	2021 Q2
Liquidity[1]	**$319.0**	**$389.3**
Working Capital $	**$468.2**	**$397.9**
Working Capital Days[2]	**68 days**	**62 days**

(1) Non-IFRS Measure. See Cautionary Statement and Slide 21.
(2) Working Capital Days calculated on a 13-point average basis using 13-month historical average working capital divided by 12-month historical average revenue

NFI Adjusted Effective Tax Analysis

	2021 Q2
Adj. EBITDA	**$51.9M**
D&A	$23.5M
Interest Expense	$17.7M
Adj. EBT	**$10.7M**
Tax Variable	$2.3M
Tax Fixed	$1.8M
FX Tax Benefit	($2.2M)
Total Adjusted Tax	**$1.9M**
ETR Adjusted	*17.7%*
Adj. Net Income	$8.8M
Shares (wt. avg)	~71M[1]
Adjusted EPS	**$0.12**

Components of Tax

*Tax Variable = 21% - 23%

+

Tax Fixed (Annual) = $18M - $22M

Variable and Fixed components of tax creates challenges in quarterly rate and timing of expense recognition

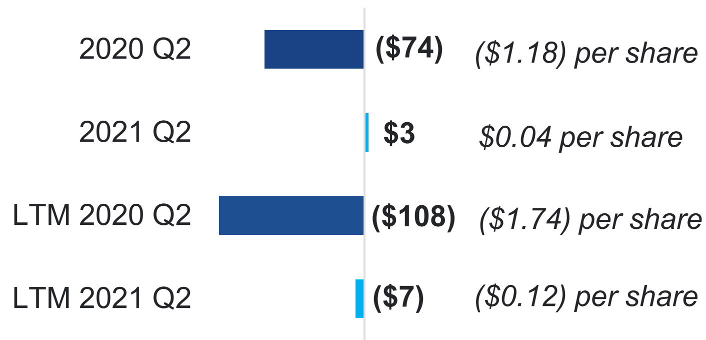
Currency fluctuations may continue to impact full-year adjusted ETR

*Tax is based on full year projection. Quarterly % may vary depending on discrete tax items.

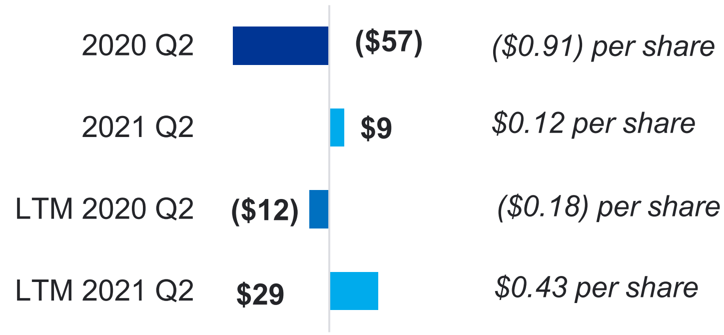
(1) The weighted average number of Shares outstanding for 2021 Q2 was 70,985,041

2021 Q2: Net Earnings and Adjusted Net Earnings

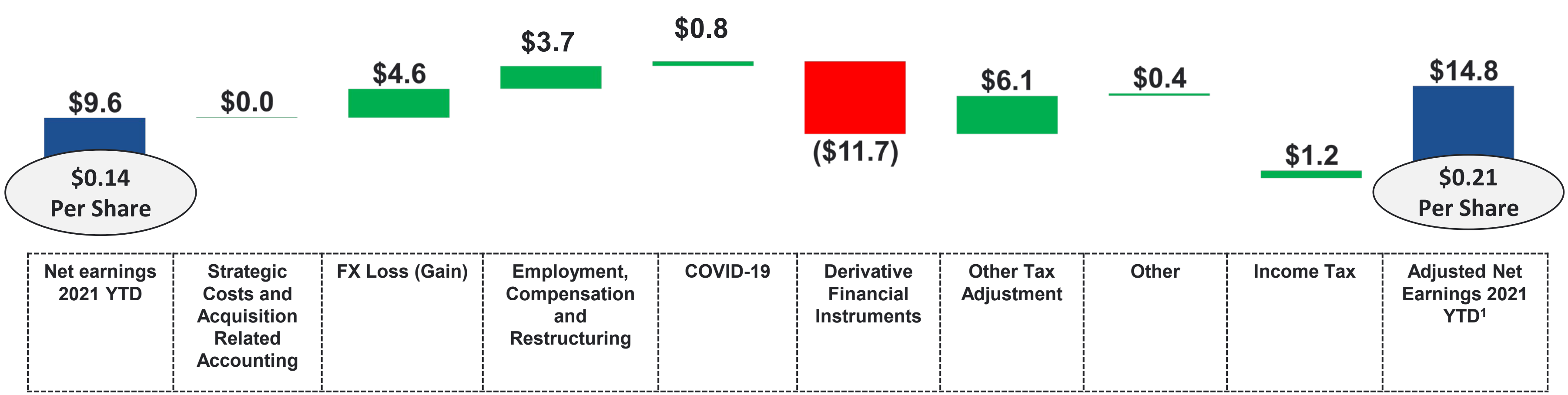
Net Earnings ($M)



Adjusted Net Earnings ($M)[1]



Net Earnings to Adjusted Net Earnings Reconciliation



Net Earnings Positively Impacted by Savings From NFI Forward, Receipt of Government Wage Subsidies, and Favorable Changes in Foreign Exchange

(1) Non-IFRS Measure. See Cautionary Statement and Slide 21.

NFI Forward: First Year Update

All NFI Forward Initiatives at or above targets:
$67M of Adjusted EBITDA and $10M Free Cash Flow
(8% to 10% reduction in overheads and SG&A from 2019 Levels)

Completed Projects	Projects in Progress
✓ Streamlining back-office administration	Integration of ADI’s North American Facilities
✓ Combination of New Flyer and MCI	Group-wide strategic sourcing program
✓ Rationalization of ADI’s Parts into NFI Parts	Flexible dual-line production (NF and MCI)
✓ Cessation of Guildford chassis production	Expanding Insourcing (KMG)
✓ Winnipeg fiberglass facilities rationalization	Acetone Recycling

2021 Q2: $12.6 million in Adj. EBITDA savings + $0.8 million in annualized FCF

2021 Guidance Reaffirmed

Revenue

$2.8 billion to $2.9 billion

ZEBs expected to make up 20% to 25% of 2021 manufacturing revenue

- Driven by market recovery in North American Bus and Coach and UK transit
- Continued growth of ARBOC in cutaway and medium-duty markets
- ADL's international expansion in Europe and APAC
- Continue to monitor pandemic-related supply chain challenges

Adjusted EBITDA

$220M to $240M

- Expecting Private markets won't begin to return to pre-COVID-19 levels until 2023
- Significant volume drop-through with cost base reductions generated from NFI Forward initiative

Cash Capex including NFI Forward

$50M

- Estimating $35M for maintenance capex
- Remainder for NFI Forward and other smaller growth projects

Seasonality

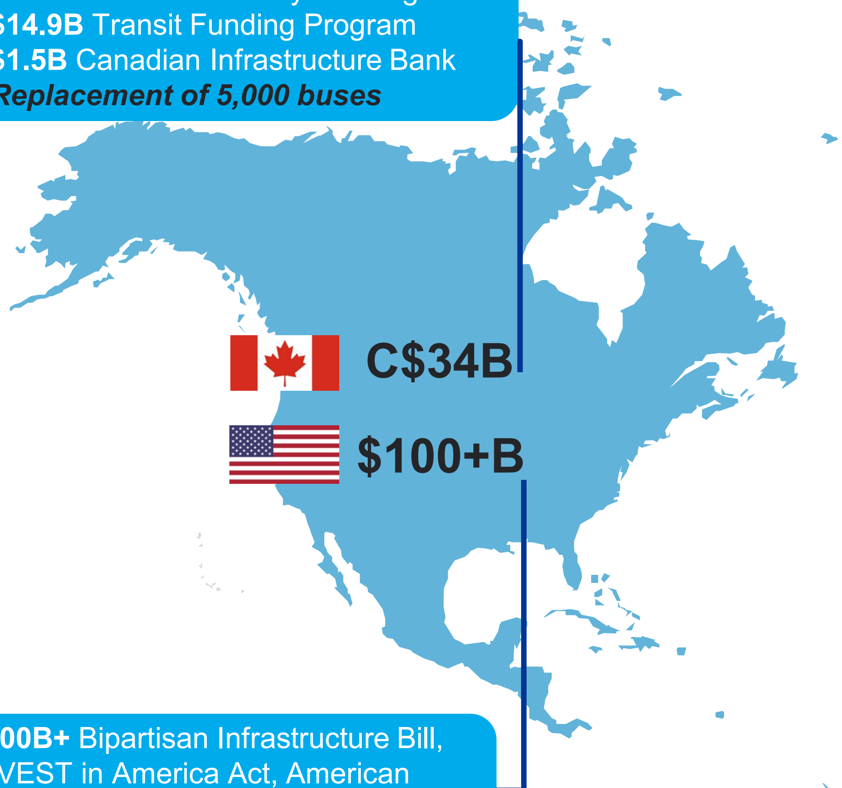
2021: Q3 down, Q4 higher

- On a year-over-year basis, Revenue & Adjusted EBITDA:
  - 2021 Q3 expected to be down; similar in profile to 2021 Q2
  - 2021 Q4 expected to be higher
- 2021 Q1, Q2 and Q3 will be 13-week periods, while Q4 will be a 14-week period

Management reaffirms its 2021 financial guidance for Revenue, Adjusted EBITDA, and Cash Capital Expenditures; updating tax and seasonality

Unprecedented Government funding support for ZEBs

$17.6B Green Recovery Funding
$14.9B Transit Funding Program
$1.5B Canadian Infrastructure Bank
Replacement of 5,000 buses



$100B+ Bipartisan Infrastructure Bill, INVEST in America Act, American Jobs Plan
Replacement of 50,000 buses

£5.0B transit and cycling program
£90M SULEB Rounds 1 and 2
Replacement of 4,000 buses

NZD50M to fully decarbonize public transit fleet by 2035
Replacement of 6,000 buses

NFI View on Market Recovery

PHASE 1
Initial Recovery and Bid Activity Growth

- North American Public Bid Activity Increasing (+48% from 2021 Q1)
- NA Private Markets at 25% pre-COVID-19 levels
- UK and Scotland driving EV adoption and government funding
- Parts sales recovering as travel resumes and vaccines rolled out
- Government funding announcements

PHASE 2
Project Awards

- North American Awards released, government funding structures and policies being finalized
- NA Private Markets at 50% pre-COVID-19 levels
- UK and Scotland seeing benefits of UK funding
- European markets improving
- Parts sales in private growing

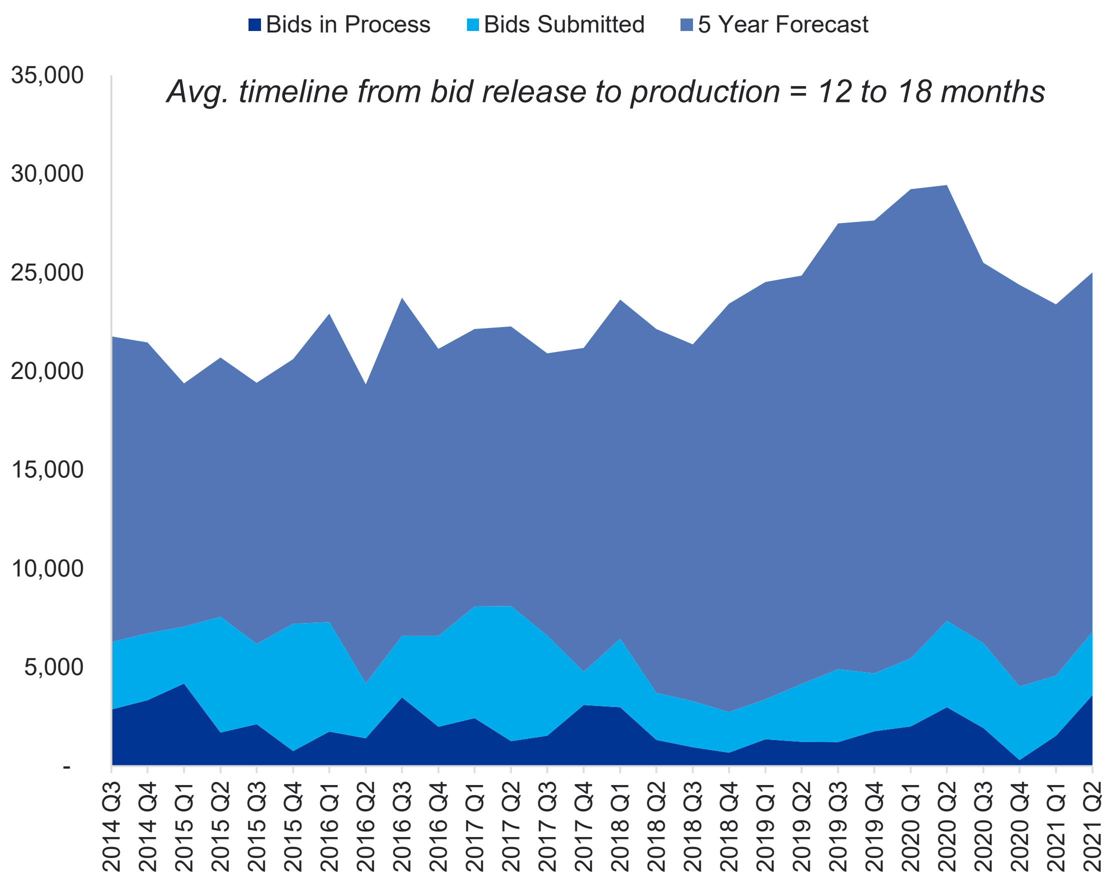
PHASE 3
Production Recovery

- 2021 Public Transit awards result in increased production
- NA Private Markets at 75% pre-COVID-19 levels by 2023
- UK and Scotland seeing benefits of UK funding
- European markets improving
- Asia Pacific entering new cycle

2021 Q1 | 2021 Q2 | 2021 Q3 | 2021 Q4 | 2022 Q1 | 2022 Q2 | 2022 Q3 | 2022 Q4 | 2023 Q1

Public Market Bid Universe Showing Signs of Recovery

Canada and U.S. Public Market Bid Universe



- **Average zero-emission bus RFP doubled in size since 2018**
- **Currently pursuing 44 Infrastructure Solutions opportunities**

3,590 EUs
Bids in Process

3,215 EUs
Bids Submitted

18,211 EUs
Five-Year Procurement Outlook compiled from Customer Fleet replacements plans

+48.4%
Active Bids increase from 2021 Q1

The Public Bid Universe does not include Purchasing Schedules:

20+
Purchasing Schedules with NFI named

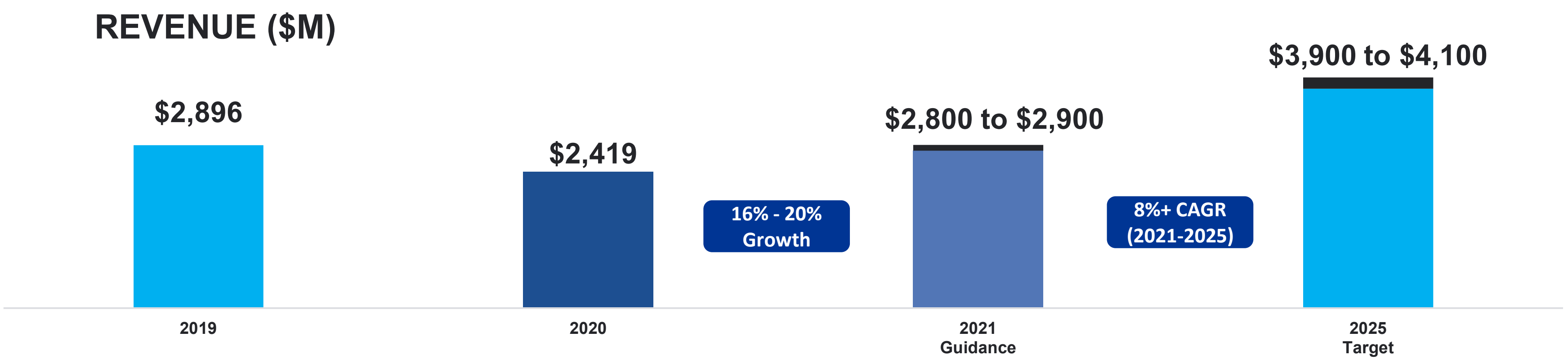
600+
Vehicle awards from Purchasing Schedules[1]

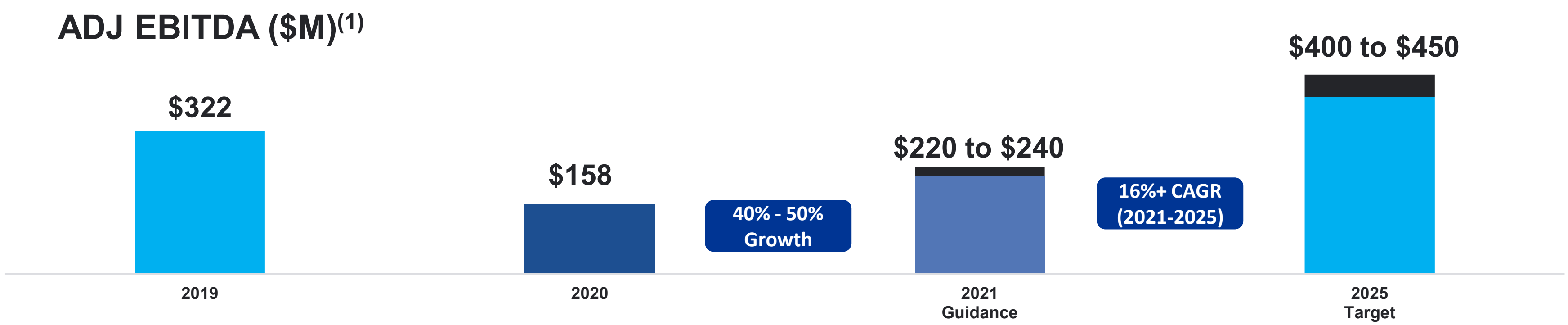
(1) Since 2018

NFI Leading the ZEvolution.™

Positioned for Growth and Margin Enhancement

Recovery, NFI Forward, and Leading the *ZE*volution 2020 – 2025



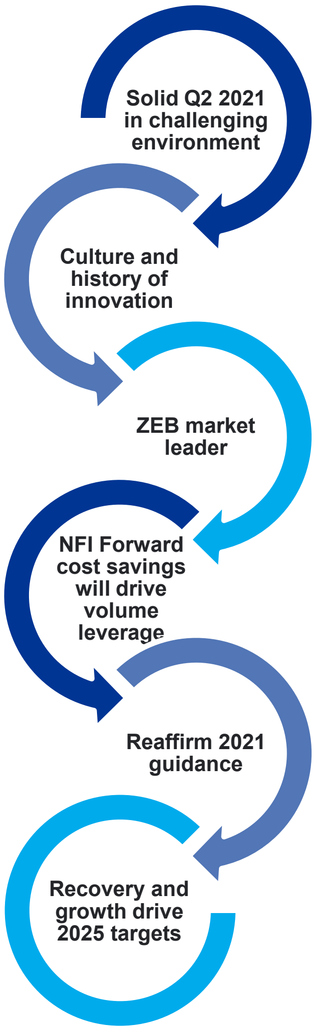


- **The global COVID-19 pandemic significantly impacted NFI's 2020 results; 2021 is viewed as a transition year as markets continue to be impacted by the pandemic**
- **Longer-term growth expected from government funding, ZEB growth, international expansion and volume leverage from NFI Forward**

1) Non-IFRS Measure. See Cautionary Statements and Slides 21 and 22.

NFI Summary and Outlook

- ✓ Solid performance in 2021 Q2 in a challenging environment; COVID-19 and related supply challenges still impacting operations (shortages, production schedule management, etc.)
- ✓ North American public transit bid activity near pre-COVID-19 levels; very encouraging sign for production volumes to return to normal levels in back half of 2022
- ✓ North American private coach gaining momentum but will take time to fully recover to pre-COVID levels. NFI plans to resume J Coach production in early 2022
- ✓ Optimism in UK and Europe with key EV wins and entry into new markets (Ireland and Germany)
- ✓ NFI Forward continues to significantly change the way NFI operates; as volumes return, we expect significant volume leverage
- ✓ Reaffirm 2021 full year guidance in a difficult global environment
- ✓ Focus on ESG initiatives through our sustainability pledge and four-pillar approach to deliver equitable access to mobility and people development
- ✓ NFI is Leading the ***ZE***volution to a future of electric mobility: 7 new EV products launched in 2021



Appendices

Appendix: Financial Highlights

$ M (except EU and EPS)	Q2			YTD		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
Deliveries (EUs)	**989**	**545**	*81.5%*	**1,944**	**1,824**	*6.6%*
Revenue	**$582.8**	**$333.3**	*74.8%*	**$1,156.9**	**$1,043.7**	*10.8%*
Gross Profit	**$69.5**	**($17.4)**	*500.0%*	**$155.3**	**$66.3**	*134.3%*
Gross Profit %	***11.9%***	***-5.2%***	*-32878bps*	**13.4%**	**6.4%**	*11137bps*
Adjusted EBITDA	**$51.9**	**($24.2)**	*314.0%*	**$106.7**	**$31.8**	*235.8%*
Adjusted EBITDA Margin %	***8.9%***	*-7.3%*	*-22242bps*	***9.2%***	*3.0%*	*20295bps*
Earnings from operations	**$26.7**	**($72.0)**	*137.0%*	**$53.6**	**($97.4)**	*155.0%*
Net earnings	**$2.6**	**($74.1)**	*103.5%*	**$9.6**	**($141.3)**	*106.8%*
Net earnings per share	**$0.04**	**($1.18)**	*103.4%*	**$0.14**	**($2.26)**	*106.2%*
Adjusted Net Earnings	**$8.7**	**($56.9)**	*115.3%*	**$14.8**	**($57.4)**	*125.7%*
Adjusted Net Earnings per Share	**$0.12**	**($0.91)**	*113.2%*	**$0.21**	**($0.92)**	*122.8%*
Orders – Firm (EUs)	**832**	491	*69.5%*	**1644**	**1,556**	*5.7%*
Orders – Options (EUs)	**288**	**0**	*N/A*	**688**	**281**	*144.8%*
Total Backlog	**8,168**	**10,004**	*(18.4%)*	**8,168**	**10,004**	*(18.4%)*

Appendix: Non-IFRS Reconciliation (2021)

Reconciliation of IFRS to non-IFRS

As of June 27 2021

In '000	First Quarter	Second Quarter	Full Year
Net Sales	**$ 574,119**	**$ 582,794**	**$ 1,156,913**
Net Earnings	**$ 7,033**	**$ 2,587**	**$ 9,620**
% of net sales	1.2%	0.4%	0.8%
Adjustment, Gross			
Restructuring and Other Corporate Initiatives	$ 2,372	$ 166	$ 2,538
Goodwill Impairment	$ -	$ -	$ -
Derivative related	$ (7,663)	$ (3,990)	$ (11,653)
Foreign exchange loss/gain	$ 2,529	$ 2,107	$ 4,636
Equity settled stock-based compensation	$ 650	$ 502	$ 1,152
Asset related	$ (355)	$ 10	$ (345)
Employment related (past service costs)	$ -	$ -	$ -
COVID-19	$ 289	$ 464	$ 753
Other tax adjustment	$ -	$ 6,118	$ 6,118
Other	$ 40	$ 718	$ 758
Income taxes	$ 1,164	$ 15	$ 1,179
Net Earnings - Adjusted	**$ 6,059**	**$ 8,697**	**$ 14,756**
% of sales	1.1%	1.5%	1.3%
Adjustments:			
Income taxes	$ 6,422	$ 1,907	$ 8,329
Finance costs	$ 17,795	$ 17,748	$ 35,543
Amortization	$ 24,564	$ 23,504	$ 48,068
Adjusted EBITDA	**$ 54,840**	**$ 51,856**	**$ 106,696**
% of net sales	9.6%	8.9%	9.2%

Appendix: Non-IFRS Reconciliation (2020)

Reconciliation of IFRS to non-IFRS

As of December 27 2020

In '000	First Quarter	Second Quarter	Third Quarter	Forth Quarter	Full Year
Net Sales	**$ 710,384**	**$ 333,334**	**$ 663,922**	**$ 711,523**	**$ 2,419,163**
Net Earnings	**$ (67,239)**	**$ (74,049)**	**$ (24,913)**	**$ 8,465**	**$ (157,736)**
% of net sales	-9.5%	-22.2%	-3.8%	1.2%	-6.5%
Adjustment, Gross					
Restructuring and Other Corporate Initiatives	$ 22	$ 2,307	$ 25,428	$ 1,180	$ 28,937
Goodwill Impairment	$ 50,790	$ -	$ -	$ -	$ 50,790
Derivative related	$ 23,508	$ 454	$ (2,446)	$ (4,243)	$ 17,273
Foreign exchange loss/gain	$ (43)	$ (2,164)	$ (3,608)	$ (3,235)	$ (9,050)
Equity settled stock-based compensation	$ 14	$ 551	$ 597	$ 608	$ 1,770
Asset related	$ 163	$ 229	$ (191)	$ (257)	$ (56)
Employment related (past service costs)	$ (463)	$ 48	$ 1	$ 6	$ (408)
COVID-19	$ -	$ 17,557	$ 24,392	$ 5,413	$ 47,362
Other tax adjustment		$ (3,695)			$ (3,695)
Other	$ (56)	$ (30)	$ 233	$ 37	$ 184
Income taxes	$ (7,176)	$ (5,492)	$ (13,767)	$ 202	$ (26,233)
Net Earnings - Adjusted	**$ (480)**	**$ (64,284)**	**$ 5,726**	**$ 8,176**	**$ (50,862)**
% of sales	-0.1%	-19.3%	0.9%	1.1%	-2.1%
Adjustments:					
Income taxes	$ 11,754	$ (3,720)	$ 10,757	$ 12,784	$ 31,575
Finance costs	$ 14,657	$ 15,633	$ 18,028	$ 17,871	$ 66,189
Amortization	$ 30,140	$ 28,145	$ 26,374	$ 26,125	$ 110,784
Adjusted EBITDA	**$ 56,071**	**$ (24,226)**	**$ 60,885**	**$ 64,956**	**$ 157,686**
% of net sales	7.9%	-7.3%	9.2%	9.1%	6.5%

Forward-Looking Statements

Certain statements in this presentation are “forward-looking statements”, which reflect the current expectations of management regarding the Company's future growth, financial performance and financial position and the Company’s strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic. A number of factors and risks may cause actual results to differ materially from the results discussed in the forward-looking statements (including factors relating to the Company’s “NFI Forward” initiatives, the global COVID-19 pandemic, and the Company’s January 11, 2021 financial guidance (the “Guidance”). For more detail regarding the assumptions, factors and risks relating to these “forward looking statements”, please refer to the Company’s press release and management discussion and analysis (“MD&A”) dated August 4, 2021 and the factors and risks contained in its Annual Information Form and other materials filed with the Canadian securities regulatory authorities which are available on SEDAR at www.sedar.com. These forward-looking statements are made as of the date of this presentation and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws.

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

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 as described in the Company’s disclosure documents available on SEDAR at www.sedar.com. References to "ROIC" are to net operating profit after taxes (calculated as Adjusted EBITDA less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%) divided by average invested capital for the last 12-month period (calculated as to shareholders’ equity plus long-term debt, obligations under leases, other long-term liabilities and derivative financial instrument liabilities less cash).

Management believes Adjusted EBITDA and ROIC are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA and ROIC are not recognized earnings measures under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this press release are cautioned that Adjusted EBITDA or ROIC 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. Historical reconciliations of net earnings to Adjusted EBITDA has been provided in the Company’s disclosure documents available on SEDAR at www.sedar.com. NFI’s method of calculating Adjusted EBITDA and ROIC may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers.

Appendix: Key Definitions

- **Adjusted EBITDA:** 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. These adjustments include gains or losses on disposal of property, plant and equipment, fair value adjustment for total return swap, unrealized foreign exchange losses or gains on non-current monetary items and forward foreign exchange contracts, costs associated with assessing strategic and corporate initiatives, past service costs and other pension costs, non-recurring restructuring costs, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, proportion of the total return swap realized, equity settled stock-based compensation, recovery of currency transactions, prior year sales tax provision, and release of provision related to purchase accounting.
- **Free Cash Flow:** Defined as 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.
- **Return on Invested Capital ("ROIC"):** Defined as 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).
- **Adjusted Net Earnings:** Defined as 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: fair value adjustments of total return swap, unrealized foreign exchange loss or gain, unrealized gain or loss on the interest rate swap, portion of the total return swap realized, costs associated with assessing strategic and corporate initiatives, non-recurring costs or recoveries relating to business acquisition, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, equity settled stock-based compensation, gain or loss on disposal of property, plant and equipment, gain on bargain purchase option, past service costs, recovery on currency transactions, prior year sales tax provision, gain on release of provision related to purchase accounting.
- **Adjusted Net Earnings per Share:** Defined as Adjusted Net Earnings divided by the average number of Shares outstanding.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