New Flyer Announces 2017 First Quarter Results and Increases in 2017 Projected Deliveries and Annual Dividend Rate

May 10, 2017

Summary of 2017 Q1 results compared to 2016 Q1 (U.S. Dollars except as noted) :

- **Revenue of $572.1 million increased by 3.4%.**
- **Adjusted EBITDA of $71.4 million increased by 4.7%.**
- **Net earnings of $37.9 million increased 67.8% and earnings per share of $0.61 increased 52.5%.**
- **Liquidity improved by $72.1 million to $340.2 million.**
- **Free Cash Flow payout ratio for 2017 Q1 is 27.4%.**
- **Annual dividend rate increased 36.8% to C$1.30, effective for dividends declared subsequent to May 10, 2017.**
- **Increased Fiscal 2017 projected deliveries of new transit buses and motor coaches to 3,750 EUs, an increase of 6.8% compared to Fiscal 2016.**

WINNIPEG, May 10, 2017 – New Flyer Industries Inc. (TSX:NFI) (TSX:NFI.DB.U) (the "Company"), the largest transit bus and motor coach manufacturer and parts distributor in North America, today announced its results for the 13-week period ended April 2, 2017 ("2017 Q1"). Full unaudited interim condensed financial statements and Management's Discussion and Analysis (the "MD&A") are available at the Company's web site at: www.www.newflyer.com/index/financialreport. Unless otherwise indicated all monetary amounts in this press release are expressed in U.S. dollars.

2017 First Quarter Financial Results

Year-over-year comparisons reported in the MD&A compare the 13-week period in 2017 Q1 to the 14-week period ended April 3, 2016 ("2016 Q1"). 2016 Q1 was the first full fiscal quarter that included both New Flyer and MCI financial performance. As a result of the organizational changes effective January 2, 2017, the service function, which was previously managed as part of the aftermarket operations, is now the responsibility of the transit bus and coach manufacturing operations. To improve the comparability, the related prior year segment information has been restated to reflect these changes.

	2017	2016	%
Transit Bus and Coach Deliveries (EUs)	Q1	Q1	change
New transit bus and coach	892	829	7.6%
Pre-owned coach	65	104	(37.5)%
Average EU selling price (U.S. dollars in thousands)		(restated)	
New transit bus and coaches average selling price	$525.6	$522.8	0.5%
Pre-owned coaches average selling price	109.5	133.6	(18.0)%

Consolidated Revenue	2017	2016	%
(U.S. dollars in millions)	Q1	Q1 (restated)	change
New transit bus and coach	468.8	433.4	8.2%
Pre-owned coach	7.1	13.9	(48.9)%
Transit Bus and Coach Manufacturing	475.9	447.3	6.4%
Aftermarket	96.2	105.9	(9.2)%
Total Revenue	$572.1	$553.2	3.4%

Revenue from transit bus and coach manufacturing operations for 2017 Q1 increased by 8.2% compared to 2016 Q1. The increase in 2017 Q1 revenue primarily resulted from a 7.6% increase in total new transit bus and coach deliveries compared to 2016 Q1 deliveries and a 0.5% increase in average selling price per EU in 2017 Q1 compared to 2016 Q1.

Revenue from aftermarket operations in 2017 Q1 decreased by 9.2% compared to 2016 Q1. The decrease in aftermarket operations revenue in 2017 Q1 is primarily a result of an extra week in 2016 Q1 as compared to 2017 Q1. As well, 2016 Q1 sales volume was exceptionally high due to timing of some large customer programs.

Consolidated Adjusted EBITDA	2017	2016	%

(U.S. dollars in millions)	Q1	Q1 (restated)	change
Transit Bus and Coach Manufacturing	$50.4	$46.4	8.6%
Aftermarket	21.0	21.8	(3.7)%
Total Adjusted EBITDA	$71.4	$68.2	4.7%
Adjusted EBITDA % of revenue			
Transit Bus and Coach Manufacturing	10.6%	10.4%	0.2%
Aftermarket	21.8%	20.6%	1.2%
Total	12.5%	12.3%	0.2%

Consolidated Adjusted EBITDA for 2017 Q1 increased by 4.7% compared to 2016 Q1. Transit bus and coach manufacturing Adjusted EBITDA increased primarily as a result of increased deliveries and improved margins. Contributors to the increase in margin in the period is a favourable sales mix, cost savings synergies relating to the MCI acquisition, continued cost reductions achieved through the Company's operational excellence initiatives and the full impact from the New Flyer and NABI product rationalization.

Profit margins can vary significantly between orders due to factors such as pricing, order size, propulsion system and product type and components specified by the customer. Management cautions readers that quarterly transit bus and coach manufacturing Adjusted EBITDA can be volatile and should be considered over a period of several quarters.

Bus and Coach Adjusted EBITDA per new EU delivered	2017	2016	
(U.S. dollars)	Q1	Q1 (restated)	change
Transit bus and coach manufacturing Adjusted EBITDA (in millions)	$50.4	$46.4	$4.0
New transit bus and coach deliveries (EUs)	892	829	63
Bus and Coach Adjusted EBITDA per new EU delivered (in thousands)	$56.5	$56.0	$0.5

The 2017 Q1 aftermarket operations Adjusted EBITDA decreased 3.7% compared to 2016 Q1 as a result of one less week of operations during 2017 Q1. However, the Adjusted EBITDA as a percentage of aftermarket revenue during 2017 Q1 increased 1.2% when compared to 2016 Q1.

Net earnings	2017	2016	$
(U.S. dollars in millions)	Q1	Q1	change
Earnings from operations	$59.2	$44.0	15.2
Non-cash gain	1.4	2.5	(1.1)
Interest expense	(4.0)	(11.5)	7.5
Income tax expense	(18.7)	(12.4)	(6.3)
Net earnings	$37.9	$22.6	15.3
Net earnings per share (basic)	$0.61	$0.40	$0.21

Net earnings during 2017 Q1 increased by 67.8% compared to 2016 Q1, primarily as a result of improved Earnings from Operations and reduced interest expense offset by the increase in income tax expense. This resulted in net earnings per share in 2017 Q1 of $0.61 which represents an increase of 52.5% compared to $0.40 per Share generated during 2016 Q1.

Liquidity

Free Cash Flow	2017	2016	%
(CAD dollars in millions)	Q1	Q1	change
Free Cash Flow	$53.7	$61.5	(12.7)%
Declared dividends	$14.7	$10.4	41.3%

The Company's 2017 Q1 Free Cash Flow decreased by 12.7% compared to 2016 Q1 primarily as a result of the increased cash capital expenditures and timing of current income tax expense when comparing the two periods. The amount of dividends declared increased in 2017 Q1 as a result of the previous increase in the annual dividend rate from C$0.70 to C$0.95 per share effective for dividends declared after May 12, 2016 and additional shares issued as a result of the conversion of Debentures.

The April 2, 2017 liquidity position of $340.2 million is comprised of available cash of $26.0 million and $314.2 million available under the revolving portion of the Company's credit facility ("Revolver") as compared to a liquidity position of $268.1 million at January 1, 2017. The increased liquidity relates to improved cash flow from operations. As at April 2, 2017, there were $18.0 million of direct borrowings and $10.8 million of outstanding letters of credit related to the $343.0 million Revolver. Management believes that these funds, together with share issuances, other borrowings capacity and the cash generated from the Company's operating activities, will provide the Company with sufficient liquidity and capital resources to meet its current financial obligations as they come due, as well as provide funds for its financing requirements, capital expenditures, dividend payments and other operational needs for the foreseeable future.

Property, Plant and Equipment ("PPE") expenditures	2017	2016	%

(USD dollars in millions)	Q1	Q1	change
PPE expenditures	$6.7	$3.4	97.1%
Less PPE expenditures funded by capital leases	(0.3)	(0.5)	(40.0)%
Cash acquisition of PPE	$6.4	$2.9	120.7%

PPE cash expenditures in 2017 Q1 have increased by 120.7% compared to 2016 Q1 primarily as a result of investments in facilities as a result of insourcing activities and continuous improvement programs.

Management believes that return on invested capital ("ROIC") is an important ratio and tool that can be used to assess possible investments against their related earnings and capital utilization. The ROIC during 2017 Q1 LTM was 14.5% as compared to 13.0% during 2016 Q1 LTM.

Outlook

The Company's annual operating plan for the 52-weeks ended December 31, 2017 ("Fiscal 2017") is focused on maintaining and growing its leading market position in the heavy-duty transit bus and motor coach markets and aftermarket parts distribution through enhanced competitiveness.

The Company now expects to deliver approximately 3,750 EUs of new transit buses and motor coaches during Fiscal 2017, an increase of 6.8% from Fiscal 2016 based on a solid production schedule for Fiscal 2017, healthy order backlog and bid universe and management's belief that the transit bus and motor coach procurement activity by public transit agencies throughout the U.S. and Canada should remain robust.

Based on the improvement in both earnings and cash flow, the board of directors of the Company has decided to increase the annual dividend rate to C$1.30 per share, which represents an increase of 36.8% from the previously announced annual dividend rate of C$0.95 per share. The new annual dividend rate of C$1.30 per share is effective for dividends declared after May 10, 2017, although such distributions are not assured.

Conference Call

A conference call for analysts and interested listeners will be held on Friday May 12, 2017 at 9:00 a.m. (ET). The call-in number for listeners is 888-231-8191, 647-427-7450 or 403-451-9838. A live audio feed of the call will also be available at:

http://event.on24.com/r.htm?e=1407694&s=1&k=4456935C2BCB8D5B85778ECC924784C6

A replay of the call will be available from 6:00 p.m. (ET) on May 12, 2017 until 11:59 p.m. (ET) on May 19, 2017. To access the replay, call 855-859-2056 or 416-849-0833 and then enter pass code number 7595870. The replay will also be available on New Flyer's web site at www.www.newflyer.com.

Non-IFRS Measures

"Earnings from Operations" refer to earnings before interest, income taxes and unrealized foreign exchange losses or gains on non-current monetary items. "Adjusted EBITDA" consists of earnings before interest, income taxes, depreciation, amortization and other non-cash charges and certain other non-recurring losses or gains as set out in the MD&A. "Free Cash Flow" means net cash generated by operating activities adjusted for changes in non-cash working capital items, interest paid, interest expense, income taxes paid, current income tax expense, effect of foreign currency rate on cash, past service cost, defined benefit funding, non-recurring transitional costs relating to business acquisitions, costs associated with assessing strategic and corporate initiatives, product rationalization costs, 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 MCI's inventory and deferred revenue and principal payments on capital leases. References to "ROIC" are net operating profit after taxes (calculated by Adjusted EBITDA less depreciation of plant and equipment and income taxes at 35% US tax rate) divided by average invested capital for the last twelve month period (calculated as total debt, net of cash and shareholders' equity).

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

About the Company

The Company is the largest transit bus and motor coach manufacturer and parts distributor in North America with fabrication, manufacturing, distribution and service centers in Canada and the United States and employs approximately 5,000 team members.

Through its Canadian and U.S. subsidiaries, NFI ULC and NFAI, the Company is North America's heavy-duty transit bus leader and offers a high quality transit bus product line (Xcelsior® models), incorporating the broadest range of drive systems available, including: clean diesel, natural gas, diesel-electric hybrid, electric-trolley and now battery-electric. New Flyer actively supports over 44,000 heavy-duty transit buses (New Flyer, NABI and Orion) currently in service.

Through its Canadian and U.S. subsidiaries, Motor Coach Industries Limited and Motor Coach Industries, Inc., the Company is North America's leader in motor coaches, A "motor coach" or "coach" is a 40-foot or 45-foot over-the-highway bus typically used for intercity transportation and longer distances than heavy-duty transit buses, and is typically characterized by (i) two axles in the rear (which allows higher speeds), (ii) high deck floor, (iii) baggage compartment under the floor, (iv) high-backed seats with a coach-style interior (often including a lavatory and underfloor baggage compartments), and (v) no room for standing passengers.

MCI offers a J-Series which is the industry's best-selling intercity coach for 11 consecutive years, and the D-Series, the industry's best-selling coach line in North American motor coach history. MCI is also the exclusive distributor of the Setra S417 and S407 in the United States and Canada. MCI actively supports over 28,000 MCI motor coaches currently in service and offers 24-hour roadside assistance 365 days a year.

The Company also operates North America's most comprehensive aftermarket parts organization providing support for all types of transit buses and motor coaches. All transit buses and coaches are supported by an industry-leading comprehensive warranty, service and support network.

The common shares and convertible unsecured subordinated debentures of the Company are traded on the Toronto Stock Exchange under the symbols NFI and NFI.DB.U, respectively.

Forward-Looking Statements

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

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

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