NFI provides first year progress update on NFI Forward business transformation initiative

July 20, 2021

North American footprint rationalization continues with integration of ADI's Canadian and U.S. vehicle manufacturing facilities into NFI's existing operations

All monetary amounts in this press release are in US dollars.

WINNIPEG, Manitoba, July 20, 2021 (GLOBE NEWSWIRE) -- **(TSX: NFI, OTC: NFYEF)** NFI Group Inc. ("NFI" or the "Company"), a leading independent bus and coach manufacturer and a leader in electric mass mobility solutions, provides an update on the first full year of "NFI Forward", the Company's transformational cost reduction initiative, which is expected to lower NFI's overhead and selling general and administrative ("SG&A") expenses by 8% to 10%, respectively, from 2019 levels. As part of this update, the Company today announced that Alexander Dennis Inc.'s ("ADI") North American facilities are being integrated into NFI's existing footprint.

Launched in July 2020 in response to the impacts of the global COVID-19 pandemic, NFI Forward included a number of major initiatives targeted to drive approximately $65 million in annual overhead and SG&A expenses by the end of 2023 from 2019 levels, plus an additional $10 million in annualized Free Cash Flow generation. In January 2021, NFI increased the total expected SG&A and overhead savings to $67 million and management continues to expect NFI Forward will deliver these anticipated results.

Over the past year, the following NFI Forward activities have been completed:

- the streamlining of administrative and back-office functions, including Human Resources, Finance and Treasury, into an integrated shared services model;
- the combination of New Flyer® and MCI® into one consolidated North American operating business, while retaining both market-leading transit bus and motor coach brands;
- the rationalization of ADI's North American parts business into the NFI Parts ™ business, reducing the number of North American parts stocking locations from 22 to 7;
- cessation of chassis manufacturing at Alexander Dennis Limited's ("ADL") Guildford facility; and
- the integration of all Winnipeg-based fiberglass facilities into one facility.

Through these initiatives, NFI Forward has achieved $28.6 million in cumulative Adjusted EBITDA savings, plus $1.8 million in additional Free Cash Flow generation, as of March 28, 2021. NFI will provide further information on NFI Forward's financial impact with its second quarter 2021 financial results and accompanying investor conference call on August 4, 2021.

NFI Forward projects currently in process include:

- formalizing a Company-wide strategic sourcing program to leverage purchasing scale and optimize product designs across vehicle models and supply chains;
- increasing dual production line capabilities for heavy-duty transit buses and motor coaches within select New Flyer and MCI facilities;
- expanding insourcing of production components through NFI's KMG parts manufacturing facility; and
- launching an acetone recycling program within NFI's fiberglass reinforced polymer components business to reduce waste and emissions.

Earlier this year, NFI conducted a thorough review of all of the Company's Canadian and U.S. manufacturing locations and today announces the integration of the ADI North American manufacturing locations into NFI's existing facilities. As a result, the Company will close the ADI North American manufacturing locations, including the facilities in Vaughan, Ontario (to close in October 2021); and Nappanee and Peru, Indiana (to close in 2022 Q1). Future manufacturing of ADL double deck buses in North America will be carried out at existing NFI manufacturing locations. Certain finance, sales, commercial operations, procurement and service personnel will remain as part of NFI's North American Bus and Coach business to support existing customers.

"After a thorough review of our North American manufacturing locations, we have determined that rationalizing our ADI North American manufacturing locations is the required approach moving forward. As it is never easy to close locations and impact individuals' careers, this important decision was not taken lightly. This integration, however, continues us on the necessary path for NFI as we execute our plan of transforming our organization into a more cost efficient, integrated operating business," said Paul Soubry, President and Chief Executive Officer, NFI.

NFI will continue to offer ADL's industry leading double-deck products in North America, including the world's best-selling double deck bus, the Enviro500, and the recently launched battery-electric model the Enviro500 EV CHARGE.

"North America remains a vitally important market for ADL, where we have over 1,200 vehicles in service providing high-capacity, accessible mobility to customers across all sectors," said Paul Davies, President and Managing Director, ADL. "While the pandemic created delays in customer order activity and disruptions to manufacturing operations, we have begun to see initial signs of recovery in end market demand. This integration will allow us to provide an even stronger offering for our Canadian and U.S. customers in the future. We look forward to continue selling and delivering the world’s best-selling double deck bus and rolling out our new Enviro500EV CHARGE to the market.”

About NFI

Leveraging 450 years of combined experience, NFI is leading the electrification of mass mobility around the world. With zero-emission buses and coaches, infrastructure, and technology, NFI meets today's urban demands for scalable smart mobility solutions. Together, NFI is enabling more livable cities through connected, clean, and sustainable transportation.

With 8,000 team members in nine countries, NFI is a leading global bus manufacturer of mass mobility solutions under the brands New Flyer® (heavy-duty transit buses), MCI® (motor coaches), Alexander Dennis Limited (single and double-deck buses), Plaxton (motor coaches), ARBOC® (low-floor cutaway and medium-duty buses), and NFI Parts™. NFI currently offers the widest range of sustainable drive systems available, including zero-emission electric (trolley, battery, and fuel cell), natural gas, electric hybrid, and clean diesel. In total, NFI supports its installed base of over 105,000 buses and coaches around the world. NFI common shares are traded on the Toronto Stock Exchange under the symbol NFI. News and information is available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, www.arbocsv.com, www.alexander-dennis.com, and www.nfi.parts.

Appendix – 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. References to “Free Cash Flow” mean net cash generated by or used in operating activities adjusted for various items. The adjustments referred to in these definitions are described in the Company's first quarter Management's Discussion & Analysis available at www.sedar.com. Management believes that Adjusted EBITDA and Free Cash Flow are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA and Free Cash Flow, are not recognized earnings or cash flow measures under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this press release are cautioned that 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 the Company's performance, and that 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. The Company’s method of calculating Adjusted EBITDA and Free Cash Flow may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers.

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, liquidity, results of operations, performance and business prospects and opportunities, such as the estimated amount of savings to be generated and the efficiencies to be produced by the implementation of management's "transformational initiative" and management's expectations regarding the recovery of end market demand. The words "believes", "anticipates", "plans", "expects", "intends", "projects", "forecasts", "estimates", "may", "will" 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.

Actual results may differ materially and adversely from management expectations as projected in such forward-looking statements for a variety of reasons, including, but not limited to, the Company's ability to successfully execute its transformational initiative and to generate the planned savings in the expected time frame or at all; management may have overestimated the amount of savings that can be generated or may have underestimated the amount of costs to be expended; the implementation of the transformational initiative may take longer than planned to achieve the expected savings; further restructuring and cost-cutting may be required in order to achieve the objectives set out in the transformational initiative; the estimated amount of savings generated under the transformation initiative may not be sufficient to achieve the planned benefits; combining business units and/or the reduction of production or parts facilities may not achieve the efficiencies anticipated by management; and the impact of the COVID-19 pandemic. There can be no assurance that the company will be able to achieve the ancticipated financial and operational benfits, cost savings or other benefits of the transformation initiative.

The Company is also subject to the other risks and uncertainties detailed in the disclosure documents filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. These various risks, if they occur, may materially adversely impact the Company's business, operating performance and financial condition, including a reduction to the Company's cashflow, liquidity and its ability to maintain compliance with covenants under its credit facilities.

The Company cautions that due to the dynamic, fluid and highly unpredictable nature of the COVID-19 pandemic and its impact on global and local economies, businesses and individuals, it is impossible to predict the severity of the impact on the Company's business, operating performance and financial condition and ability to generate sufficient cash flow and maintain adequate liquidity and any material adverse effects could very well be rapid, unexpected and may continue for an extended and unknown period of time.

Due to the potential impact of these and other factors, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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