NFI provides update on supply chain disruptions and 2021 guidance

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WINNIPEG, Manitoba, Sept. 17, 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 transportation mobility solutions, today announced that, due to the impact of escalating supply chain disruptions and logistics delays resulting from the ongoing COVID-19 pandemic it is lowering its financial guidance for 2021.

"Since the beginning of the COVID-19 pandemic, the entire NFI team has been working diligently to manage through its multiple waves and the associated impacts on our customers, supply partners and operations," said Paul Soubry, President and CEO, NFI. "During recent weeks, we have experienced a rapid deterioration in availability of critical parts, components and chassis caused primarily by increasing global supply chain challenges that have created bottlenecks and disruptions across the entire industry. These disruptions have significantly increased since our earnings announcement on August 4, 2021, and we have experienced decreased key parts allocation to NFI from certain suppliers.

"In response to these disruptions, we have made the prudent, yet difficult, decision to temporarily reduce new vehicle input rates through the additional idling of certain facilities and adjusting production in others. These temporary actions will assist in controlling costs and preserving cash flows until supply availability and delivery reliability improve. We anticipate that the general seasonality of our business combined with these mitigation efforts will result in significant cash flow in the fourth quarter, with projected year-ending liquidity of more than $400 million. In addition, we are fortunate that the majority of the vehicles impacted by these disruptions will not result in lost sales as most are contractually sold and are now planned for delivery in 2022.

"We view these global supply chain issues as a temporary phenomenon of the pandemic and our longer-term outlook for the industry and the Company remains strong, driven by the tailwinds of historic government funding for public transit, record new public bidding activity, private market recovery and our multi-year backlog. We do, however, expect these supply chain challenges to continue throughout the first half of 2022. We remain confident in our previously announced 2025 target for Adjusted EBITDA of $400 to $450 million," Soubry concluded.

Given management's expectation that these supply and logistics disruptions are temporary, the Board of Directors has declared the Company's quarterly dividend for the period of July 1, 2021 to September 30, 2021 on the common shares of the Company (the "Shares") at the pre-existing rate of $0.2125 per Share to holders of record at the close of business on September 30, 2021. The dividend will be payable on October 15, 2021.

In response to these challenges and resulting decrease in deliveries, NFI has lowered its guidance for 2021 to the following:

2021 Financial Guidance ($USD)	**Revised Guidance**	**Previous Guidance**
Revenue	$2.3 billion – $2.5 billion	$2.8 billion - $2.9 billion
ZEB (electric) as a percentage of manufacturing sales	Approximately 20%	20% - 25%
Adjusted EBITDA(1)	$165 million - $195 million	$220 million - $240 million
Cash Capital Expenditures – including NFI Forward	$35 million	$50 million
Seasonality	Significant year-over-year decline in Adjusted EBITDA in Q3 and Q4	Year-over-year decline in Adjusted EBITDA in Q3 and improvement in Q4
Adjusted Effective tax Rate	Minimum tax of $8 million - $14 million plus variable tax based on a range of 21% to 23% of adjusted pre-tax earnings	Minimum tax of $18 million - $22 million plus variable tax based on a range of 21% to 23% of adjusted pre-tax earnings

(1) Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by IFRS. Therefore, it may not be comparable to similar measures presented by other issuers. See "Non-IFRS Measures" at the end of this press release.

The guidance provided above is driven by NFI's year-to-date financial results combined with numerous expectations and assumptions including, but not limited to, the following:

- **Revenue:** Based on expected vehicle deliveries and parts sales during the remainder of 2021. Vehicle deliveries are based on the Company's existing backlog across all markets, combined with anticipated sales to private coach operators. Availability of parts, components and chassis will impact anticipated revenue levels, with the lower end of the range reflecting the potential for further negative impacts of supply chain disruptions.
- **Zero-Emission Bus ("ZEB") sales:** The percentages of ZEB sales are based on the Company's expected deliveries using the Company's existing backlog and anticipated future sales.

- **Adjusted EBITDA:** Based on expected vehicle deliveries and anticipated margins from vehicles in the Company's current backlog, anticipated new orders, and aftermarket parts sales combined with cost reductions generated from the NFI Forward initiative. The Company expects to generate $29 million of savings from NFI Forward in 2021. The lower end of the Adjusted EBITDA range is calculated using scenarios where production continues to be negatively impacted by supply chain disruptions and increased impacts from COVID-19.
- **Cash Capital Expenditures:** Based on remaining anticipated cash capital expenditures allocated between maintenance and NFI Forward projects.
- **Adjusted Effective Tax Rate:** Based on current tax rates in the jurisdictions in which NFI operates, anticipated financial results, the Company's corporate structure and the assumption that there will not be significant changes in applicable tax rates for the remainder of 2021.
- **COVID-19 and Supply Chain Disruptions**: The guidance ranges provided above are based on current expectations the impacts COVID-19 and supply chain disruptions may have on NFI's financial results for the remainder of 2021.

The above disclosure outlines guidance for selected 2021 consolidated financial metrics and longer-term targets for 2025. This guidance and these targets take into consideration management's current outlook and the Company's anticipated 2021 results and are based on the assumptions and expectations noted in this release. The purpose of the financial guidance and targets is to assist investors, shareholders and others in understanding certain financial metrics relating to expected 2021 financial results and the longer-term 2025 targets in order to assist in the evaluation of the performance of our business. The information may not be appropriate for any other purposes. Information about our guidance and targets, including the various assumptions and expectations underlying them, is forward looking and should be read in conjunction with the "Forward-looking Statements" contained at the end of this press release and the related disclosure and information about various economic, competitive and regulatory assumptions, factors and risks in the Company's other disclosure documents that may cause actual future financial and operating results to differ from management's current expectations. There can be no assurance that such guidance or financial targets will be met and actual performance may differ materially.

The dividends on the Shares are designated as "eligible dividends" for purposes of the enhanced dividend tax credit rules contained in the Income Tax Act (Canada) and any corresponding provincial and territorial tax legislation.

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. NFI has electric vehicles operating (or on order) in more than 80 cities in five countries and its vehicles have completed over 40 million EV service miles.

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.

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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. 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 or recovery, non-recurring costs or recoveries related to business acquisition, 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, COVID-19 costs and impairment loss on goodwill and non-recurring restructuring costs.

Management believes Adjusted EBITDA is a useful measure in evaluating the performance of the Company. However, Adjusted EBITDA is not a recognized earnings or cash flow measure under IFRS and does 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 NFI's performance.

NFI's method of calculating Adjusted EBITDA 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 Statement

This press release contains "forward-looking information" and "forward-looking statements", within the meaning of applicable Canadian securities laws, which reflect the expectations of management regarding the Company's future growth, financial performance and objectives and the Company's strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic and supply chain disruptions. The words "believes", "views", "anticipates", "plans", "expects", "intends", "projects", "forecasts", "estimates", "guidance", "goals", "objectives" and "targets" and similar expressions of future events or conditional verbs such as "may", "will", "should", "could", "would" are intended to identify forward looking statements. These forward-looking statements reflect management's current expectations regarding future events (including the temporary nature of the supply chain disruptions, the recovery of the Company's markets and the expected benefits to be obtained through its "NFI Forward" initiative) and the Company's financial and operating performance and speak only as of the date of this press release. By their very nature, forward-looking statements require management to make assumptions and involve significant risks and uncertainties, should not be read as guarantees of future events, performance or results, and give rise to the possibility that management's predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the assumptions may not be correct and that the Company's future growth, financial performance and objectives and the Company's strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic and supply chain disruptions, will not occur or be achieved.

A number of factors that may cause actual results to differ materially from the results discussed in the forward-looking statements include: the Company's business, operating results, financial condition and liquidity may be materially adversely impacted by the ongoing COVID-19 pandemic and supply chain disruptions; 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; 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 U.S. Disadvantaged Business Enterprise ("DBE") program requirements or the failure to have its DBE goals approved by the U.S. Federal Transit Administration; absence of fixed term customer contracts, exercise of options and customer suspension or termination for convenience; local content bidding preferences in the United States may create a competitive disadvantage; uncertainty resulting from the exit of the UK from the European Union; requirements under Canadian content policies may change and/or become more onerous; operational risk resulting from inadequate or failed internal processes, people and/or systems or from external events, including fiduciary breaches, regulatory compliance failures, legal disputes, business disruption, pandemics, floods, technology failures, processing errors, business integration, damage to physical assets, employee safety and insurance coverage; international operations subject the Company to additional risks and costs and may cause profitability to decline; compliance with international trade regulations, tariffs and duties; dependence on limited sources or unique sources of supply; a disruption of the supply of components containing microprocessors and other computer chips could materially adversely affect the production and sale of the Company's vehicles and certain other products; 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; 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 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, no matter how well designed, have inherent limitations; there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the 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 or model variants; acquisition risk; reliance on third-party manufacturers; 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 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 resulting from the Company's operations being complex and income tax interpretations, regulations and legislation that pertain to its activities are subject to continual change; investment eligibility and Canadian federal income tax risks; certain U.S. tax rules may limit the ability of New Flyer Holdings, Inc. 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.

Factors relating to the global COVID-19 pandemic include: the magnitude and duration of the global, national and regional economic and social disruption being caused as a result of the pandemic; the impact of national, regional and local governmental laws, regulations and "shelter in place" or similar orders relating to the pandemic which may materially adversely impact the Company's ability to continue operations; partial or complete closures of one, more or all of the Company's facilities and work locations or the reduction of production rates (including due to government mandates and to protect the health and safety of the Company's employees or as a result of employees being unable to come to work due to COVID-19 infections with respect to them or their family members or having to isolate or quarantine as a result of coming into contact with infected individuals); production rates may be further decreased as a result of the pandemic; ongoing and future supply delays and shortages of parts and components, and shipping and freight delays, and disruption to labour supply as a result of the pandemic; the pandemic will likely adversely affect operations of suppliers and customers, and reduce and delay, for an unknown period, customers' purchases of the Company's products; the anticipated recovery of the Company's markets in the future may be delayed or increase in demand may be lower than expected as a result of the continuing effects of the pandemic; the Company's ability to obtain access to additional capital if required; and the Company's financial performance and condition, obligations, cash flow and liquidity and its ability to maintain compliance with the covenants under its credit facilities, which may also negatively impact the ability of the Company to pay dividends. There can be no assurance that the Company will be able to maintain sufficient liquidity for an extended period, obtain future satisfactory covenant relief under its credit facilities, if required, or access to additional capital or access to government financial support or as to when production operations will return to previous production rates. There is also no assurance that governments will provide continued or adequate stimulus funding during or after the pandemic for public transit agencies to purchase transit vehicles or that public or private demand for the Company's vehicles will return to pre-pandemic levels in the anticipated period of time. The Company cautions that due to the dynamic, fluid and highly unpredictable nature of the pandemic and its impact on global and local economies, supply chains, businesses and individuals, it is impossible to predict the severity of the impact on the Company's business, operating performance, 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.

Factors relating to the Company's "NFI Forward" initiative include: the Company's ability to successfully execute the initiative and to generate the planned savings in the expected time frame or at all; management may have overestimated the amount of savings and production efficiencies that can be generated or may have underestimated the amount of costs to be expended; the implementation of the 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 of the initiative; the estimated amount of savings generated under the initiative may not be sufficient to achieve the planned benefits; combining business units and/or reducing the number of production or parts facilities may not achieve the efficiencies anticipated; and the impact of the continuing global COVID-19 pandemic. There can be no assurance that the Company will be able to achieve the anticipated financial and operational benefits, cost savings or other benefits of the initiative.

Factors relating to the Company's financial guidance disclosed in this press release (the "Guidance") include, in addition to the factors set out above, the degree to which actual future events accord with, or vary from, the expectations of, and assumptions used by, NFI's management in preparing the Guidance and the Company's ability to successfully execute the "NFI Forward" initiative and to generate the planned savings in the expected time frame or at all.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that could cause actions, events or results not to be as anticipated, estimated or intended or to occur or be achieved at all. Specific reference is made to "Risk Factors" in the Annual Information Form for a discussion of the factors that may affect forward-looking statements and information. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements and information. The forward-looking statements and information contained herein are made as of the date of this press release (or as otherwise indicated) and, except as required by law, the Company does not undertake to update any forward-looking statement or information, whether written or oral, that may be made from time to time by the Company or on its behalf. The Company provides no assurance that forward-looking statements and information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers and investors should not place undue reliance on forward-looking statements and information.