



## NFI Group Confirms 2020 Guidance, and Provides 2021 Guidance and 2025 Financial Targets at Investor Day

January 11, 2021

**WINNIPEG, January 11, 2021 - (TSX:NFI)** NFI Group Inc. ("NFI" or the "Company"), one of the world's leading independent bus and coach manufacturers, today:

- reaffirmed its financial guidance for 2020, including Adjusted EBITDA of \$145 million to \$155 million;
- announced its financial guidance for 2021, including Adjusted EBITDA range of \$220 million to \$240 million, representing a potential improvement of over 50% from 2020 expectations; and
- announced longer-term targets for 2025, including Adjusted EBITDA of \$400 million to \$450 million and a Return on Invested Capital ("ROIC") target above 12%.

The Company will discuss these announcements at its Investor Day, happening today, January 11, 2021, from 8:30 - 11:30 a.m. EST. To join the Virtual Investor Day event visit [nfigroup.com/investor-day-2021/](http://nfigroup.com/investor-day-2021/). All dollar amounts in this press release are expressed in U.S. dollars.

For Fiscal 2021, management anticipates revenue growth and enhanced profitability driven by market recovery, increased sales of zero-emission buses ("ZEBs"), geographic sales expansion and continued realization of fixed and variable cost reductions from its transformational "NFI Forward" initiative.

### **Fiscal 2021 Financial Guidance**

#### **2021 Financial Guidance**

<b>Revenue</b>	\$2.8 billion - \$2.9 billion
<b>ZEB (electric) as a percentage of manufacturing sales</b>	20% - 25%
<b>Adjusted EBITDA<sup>(1)</sup></b>	\$220 million - \$240 million
<b>Cash Capital Expenditures – including NFI Forward</b>	\$50 million
<b>Effective Tax Rate ("ETR")</b>	~31%
<b>Seasonality</b>	Year-over-year growth in Revenue and Adjusted EBITDA in Q2, Q3 and Q4, decline in Q1

*(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 numerous expectations and assumptions including, but not limited to, the following:*

- *Revenue: Growth is expected to be driven by the Company's solid backlog, new order growth from the anticipated recovery within North American public transit markets and the United Kingdom transit market, combined with an expected increase in sales activity in Asia Pacific and European markets. In addition, management believes there is potential for improvement in private coach aftermarket parts sales.*
- *ZEB sales: Growth in ZEB sales is based on the Company's backlog and expected new orders from increased market demand for zero-emission vehicles.*

- *Adjusted EBITDA: Adjusted EBITDA growth is based on expected revenue growth, anticipated margins from vehicles in the Company's current backlog and anticipated new orders, expected increases in the sales of ZEBs and cost reductions from the NFI Forward initiative. NFI expects to realize approximately \$29 million of savings in 2021 from NFI Forward and to reach cumulative savings of approximately \$47 million since the inception of the program in the third quarter of 2020. The lower end of the Adjusted EBITDA range is based on scenarios where production is negatively impacted by slower market recovery, limited ongoing impacts of COVID-19 and delays in achieving cost reductions from the NFI Forward initiative.*
- *Cash Capital Expenditures: Fiscal 2020 cash capital expenditures are expected to be allocated between maintenance and NFI Forward projects, based on approximately a seventy/thirty percent split.*
- *ETR: The Effective Tax Rate is 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 in 2021.*
- *COVID-19: We have assumed that the impact of COVID-19 on the Company's business in 2021 will be significantly lower than in 2020, including no significant idling of any of the Company's facilities, increased buying activity from customers and limited supply disruptions. The overall impact of COVID-19 is expected to reduce steadily through the end of 2021.*

## **Longer-Term Financial Targets**

The Company is also providing longer-term financial targets based on management's market and operations expectations up to fiscal 2025.

### **2025 Financial Targets**

<b>Revenue</b>	\$3.9 billion - \$4.1 billion
<b>ZEB (electric) revenue as a percentage of manufacturing sales</b>	35% - 40%
<b>Adjusted EBITDA</b>	\$400 million - \$450 million
<b>ROIC<sup>(2)</sup></b>	>12%

*(2) ROIC 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 financial targets set out above are based on the Company's long-term operating plan and represent performance targets that management is seeking to achieve. They are driven by numerous expectations and assumptions including, but not limited to, the following:*

- *Revenue: Growth is expected to be driven by the expected recovery in NFI's core markets, combined with anticipated international sales expansion, increased sales of ZEBs, market share gains and an increase in deliveries of ARBOC's low-floor cutaway and medium-duty products.*
- *ZEB sales: Growth in ZEB sales as a percentage of manufacturing sales is based on NFI expanding its market leading share of ZEB sales, and from review of customers capital and fleet renewal plans that suggest there will be a significant increase in their demand for electric vehicles.*
- *Adjusted EBITDA: Adjusted EBITDA growth is based on the expected revenue growth referred to above, margin expectations on future sales and the realization of the full amount of the expected cost savings from the NFI Forward initiative by 2023, resulting in NFI operating with a lower fixed cost base.*
- *ROIC: Target is driven by the factors noted above combined with the expectation that there will not be significant changes in tax rates from current levels.*
- *COVID-19: Management has assumed that the impact of COVID-19 on the Company's business will significantly reduce at an accelerating pace through 2021 and 2022, with 2023 and thereafter being unaffected.*
- *The targets exclude any impacts from any future acquisitions during 2021 to 2025.*

"Today's guidance and longer-term targets reflect the fact that NFI is on the path to recovery, with solid improvement expected in 2021 as a transition to significant growth expected through 2025," said Paul Soubry, President and Chief Executive Officer. "We see a tremendous opportunity for NFI to drive profitable growth through market recovery, geographic expansion and increased sales of zero-emission buses. We also expect to realize upon the benefits of a lower cost base from the completion of our NFI Forward initiative."

"While the pandemic continues to impact our customers and our businesses around the world, we've been very encouraged to see governments step up their commitment to support essential service agencies and operators through increased funding to support operations and capital for eco-friendly, transit buses," Soubry added. "We look forward to hosting our analysts, investors and other stakeholders at today's virtual Investor Day where we will discuss our outlook and showcase how NFI's industry leading green products and services will drive the evolution to a cleaner, zero-emission future – or what we call the **ZE**volution."

*The above tables outline guidance for selected Fiscal 2021 consolidated financial metrics and longer-term targets for Fiscal 2025. This guidance and these targets take into consideration management's current outlook and the Company's anticipated Fiscal 2020 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 Fiscal 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.*

## **About NFI Group**

Leveraging 450 years of combined experience, NFI is leading the battery-electric transition 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 is a leading independent global bus manufacturer providing a comprehensive suite of mass transportation solutions under brands: New Flyer<sup>®</sup> (heavy-duty transit buses), Alexander Dennis Limited (single and double-deck buses), Plaxton (motor coaches), MCI<sup>®</sup> (motor coaches), ARBOC<sup>®</sup> (low-floor cutaway and medium-duty buses), and NFI Parts<sup>™</sup>. NFI vehicles 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). In total, NFI now supports over 105,000 buses and coaches currently in service around the world.

NFI common shares are traded on the Toronto Stock Exchange under the symbol NFI. Further information is available at [www.nfigroup.com](http://www.nfigroup.com), [www.newflyer.com](http://www.newflyer.com), [www.mcicoach.com](http://www.mcicoach.com), [www.arbocsv.com](http://www.arbocsv.com), [www.nfi.parts](http://www.nfi.parts), and [www.alexander-dennis.com](http://www.alexander-dennis.com).

For further information, please contact:

Stephen King

Group Director, Treasury, Corporate Development, and Investor Relations, NFI Group

204.224.6382

[Stephen.King@nfigroup.com](mailto:Stephen.King@nfigroup.com)