



JANUARY 11, 2021

# Virtual Investor Relations Day

# 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.



**STEPHEN KING**  
Group Director, Treasury,  
Corporate Development &  
Investor Relations  
NFI Group

JANUARY 11, 2021

# Welcome & Housekeeping



**INVESTOR DAY 2021**

**AGENDA**

1. **Welcome**
2. **ESG at NFI**
3. **CEO Commentary**
4. **NFI Forward Update**
5. **Panel with Public Transit Mobility Experts and Customers**
6. **NFI is Leading the ZEvolution**
7. **NFI Market & Business Updates**
8. **NFI Financial Guidance & Outlook**
9. **NFI Board Perspective**
10. **Conclusion**



**JANICE HARPER**  
EVP, People & Culture  
NFI Group

JANUARY 11, 2021

# ESG at NFI

# OUR WHY - WE MOVE PEOPLE

## Our Vision

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

## Our Mission

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



**With 8,000 team members across 10 countries, NFI is a leading global independent bus and motor coach manufacturer providing a comprehensive suite of mass transportation solutions.**

# CORE PRINCIPLES SHAPE WHAT WE DO

1

We pledge to be customer focused



2

We must earn the trust of those we serve and those they serve



3

We foster smart leadership



4

We believe in sustainability



5

We value honest, hard work and teamwork



# THE POWER OF A BUS



- Americans took 4.66 billion bus trips in 2019<sup>1</sup>; UK passengers took 4.6 billion bus journeys from Apr 2019-Mar 2020<sup>2</sup>; and Canadians took 1.89 billion bus trips in 2019<sup>3</sup>
- One bus removes 40 cars from the road

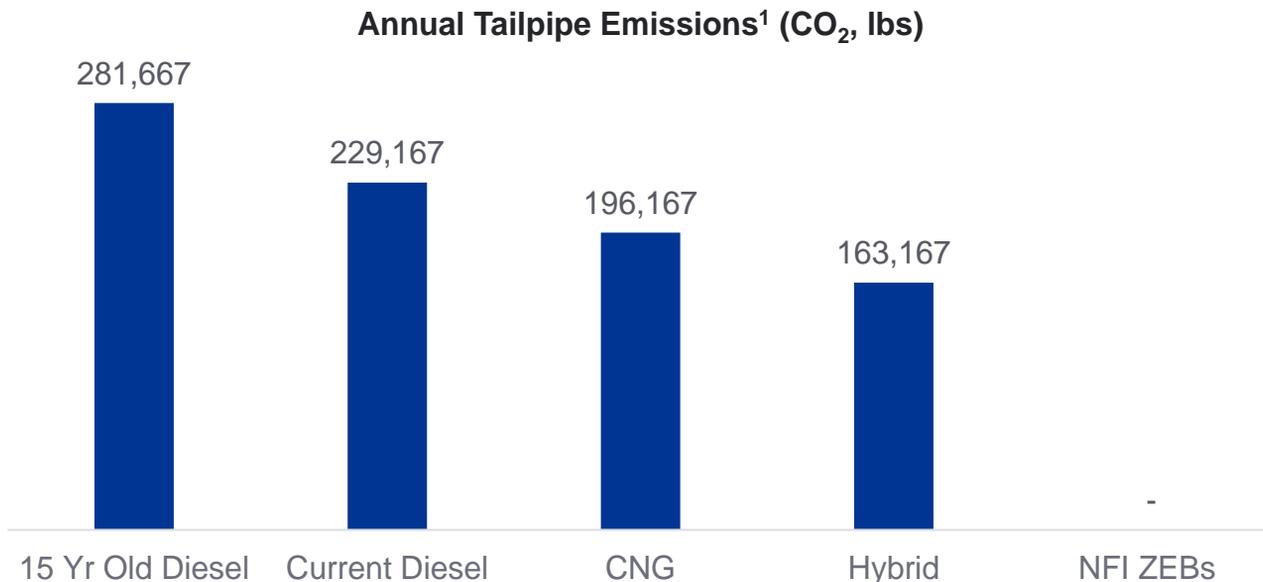
| Transit mode      | Cost           | Time to deliver |
|-------------------|----------------|-----------------|
| LRT               | \$3B - \$6B    | >5 years        |
| 100 Transit Buses | \$40M - \$50M  | 1 - 2 years     |
| 100 ZEBs          | \$90M - \$100M | 1 - 2 years     |

<sup>1</sup> APTA; <sup>2</sup> NISRA & GOV.UK; <sup>3</sup> Stats Can



# CLEANER AIR – CLEANER PLANET

Every ZEB eliminates 3,380,000 lbs of CO<sub>2</sub> over a 12-year life, the equivalent of 28 cars per year



<sup>1</sup> Source: GREET Model Fleet Footprint Calculator & EPA Motor Vehicle Emission Simulator

# NFI TRANSFORMATIVE PRODUCTS

49,700  
jobs

Created from every \$1 billion invested<sup>1</sup>

\$11.7  
billion

Offset to annual car operating costs<sup>1</sup>

+24%

Home values near public transportation<sup>2</sup>

10x

Safer per mile to travel by public transit than automobiles<sup>3</sup>



<sup>1</sup> APTA's Economic Impact of Public Transportation Investment

<sup>2</sup> APTA and The National Association of Realtors

<sup>3</sup> The Hidden Traffic Safety Solution: Public Transportation

# ROBUST GOVERNANCE PROGRAM

70% Independent Board

33% Female Directors

Enhanced ESG disclosure and policy development

100% of Directors own shares

300+ Years of Combined Experience

Robust Policy Framework

Whistleblower and Fraud Hotline

Dedicated Audit, HR and Nomination Committees

Average Director Tenure of 8 Years

Highest ISS Ranking for Audit, Risk and Shareholders rights



**Hon. Brian Tobin**  
(Ontario)  
Board Chair,  
HRCG Committee member  
Member since 2005



**Colin Robertson**  
(United Kingdom)  
Vice Chair  
Member since 2020



**Phyllis Cochran**  
(South Carolina)  
Audit Committee Chair  
Member since 2015



**Larry Edwards**  
(Oklahoma)  
HRCG Committee Chair;  
Audit Committee member  
Member since 2005



**Paul Soubry**  
(Manitoba)  
President & CEO  
Board Member since 2009



**Katherine Winter**  
(Illinois)  
HRCG Committee Member  
Board Member since 2019

*Kathy is the VP & GM,  
Autonomous Transportation  
& Infrastructure Division,  
Intel Corporation*



**John Marinucci**  
(Ontario)  
Member at Large  
Member since 2005



**Adam Gray**  
(Connecticut)  
Audit Committee  
Member since 2012

*Adam is co-founder  
and Managing  
Partner  
at Coliseum Capital  
Management, LLC*



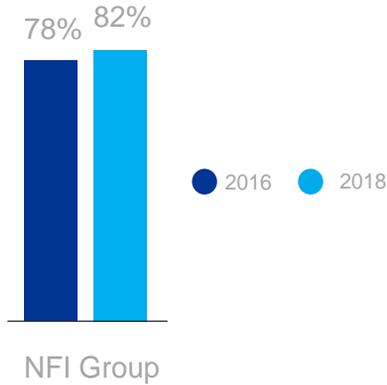
**Krystyna Hoeg**  
(Ontario)  
Audit Committee Member  
Board Member since 2015



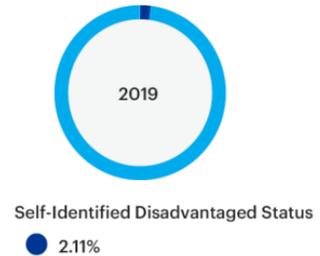
**Paulo Nunez**  
(Brazil)  
HRCG Committee Member  
Board Member since 2015

*Paulo also serves  
on the Board of  
Directors of  
Marcopolo S.A.*

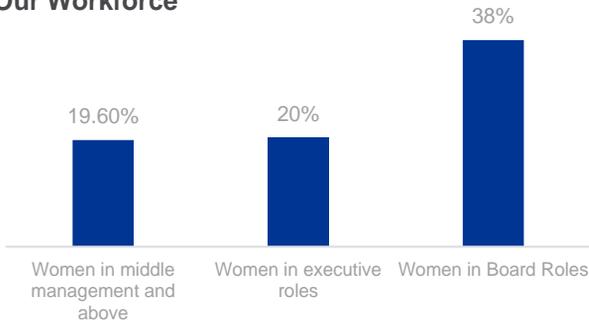
## Overall Favorable Engagement Index Comparison



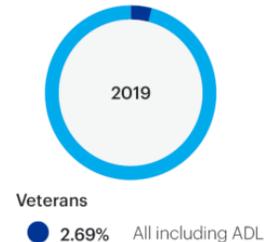
## Representation of Self-Identified Disadvantaged Status in Our Workforce



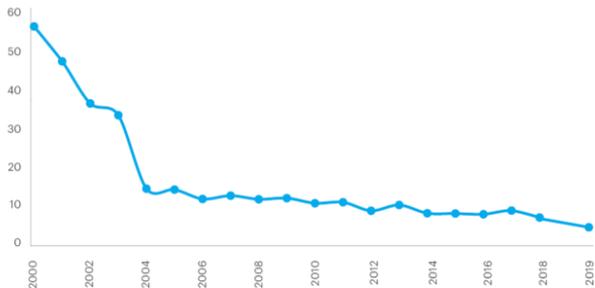
## Representation of Women in Our Workforce



## Representation of Veterans in Our Workforce

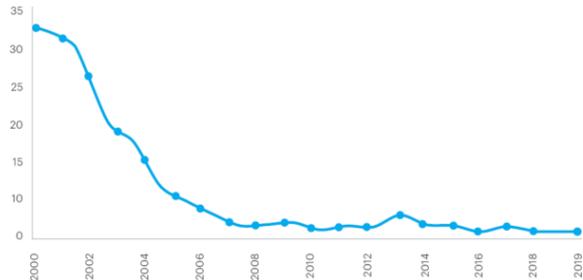


**NFI Group (all companies) OSHA Rate<sup>1</sup>**



(occurrences per 200,000 hours)

**NFI Group (all companies) Lost Time Rate<sup>2</sup>**



(occurrences per 200,000 hours)

**OSHA and Lost Time Rates declined by 90% and 96% respectively since 2000**

<sup>1</sup> OSHA Rate = Occupational Safety & Health Association Recordable Incident Rate, calculated as (# of OSHA Recordable incidents and illnesses x 200,000) / Employee total hours worked  
<sup>2</sup> Lost Time Rates = similar to OSHA Rate, but uses only the number of cases that contained lost work days

# NFI SAFE RETURN TO WORK PROTOCOL

|                           |   |
|---------------------------|---|
| PPE Required by All Staff | Social Distancing and Re-Engineered Processes |
| Cleaning and Sanitizing   | Work from Home                                |
| Health Checks             | Symptom Disclosure Policies                   |

- COVID-19 has had a significant impact on our company and team
- Across NFI, idled the majority of our facilities for nearly 2 months (Mar-May 2020), while resulted in nearly 8,000 people on temporary furlough; employees have since returned to work
- Dedicated COVID-19 Response Team coordinating Safe Work, Communications, Risk and Operations initiatives
- Our focus remains on the health, safety, and well-being of our team members
- Consistent communication to all employees, including dedicated online portals

- Hours of classroom training and programs attended
- Identification of pre-apprenticeship and apprenticeship commitments
- Implementation of work plan time frames
- Achievement of wage and benefit commitments
- Achievement of established hiring goals
- Recruitment status (including hiring, onboarding, and training individuals)
- Achievement of established diversity goals
- Adherence to career development objectives
- Compliance to local, state, and federal incentive program requirements

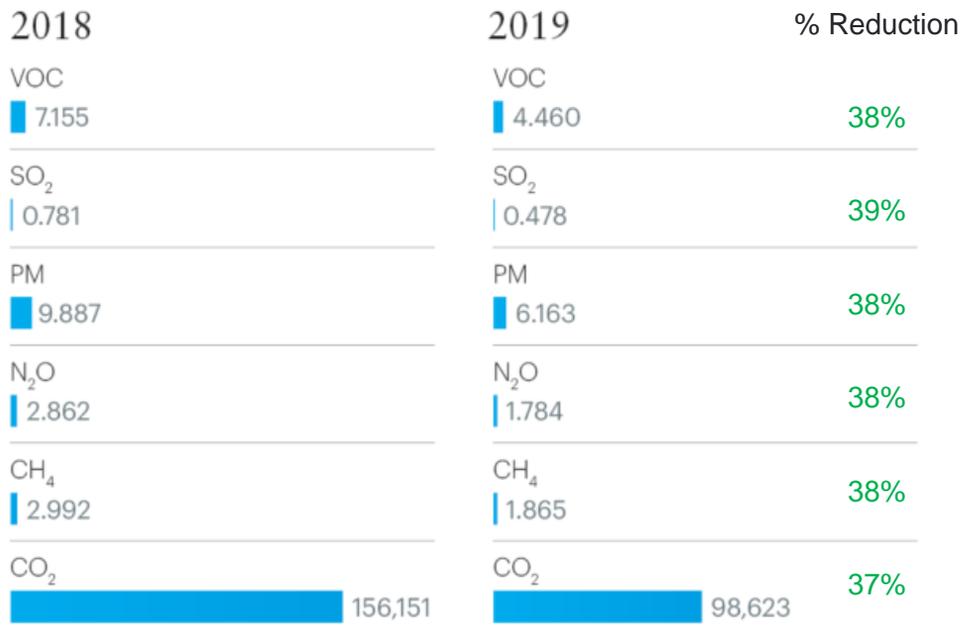


National Programs

15 State Level Programs

# ENVIRONMENTAL FOOTPRINT

## NFI Greenhouse Gas Emission (US Ton)<sup>1</sup>



<sup>1</sup> Company estimates.





# STRATEGIC PRIORITIES

- Launching CDP Reporting
- Continue to evaluate and consider implementing additional voluntary disclosure framework(s) (UN, SASB, GRI, etc.)
- Continued rollout of CBF in other locations
- Improving representation targets
- Driving safety performance

Better Workplace

Better Products

Better World



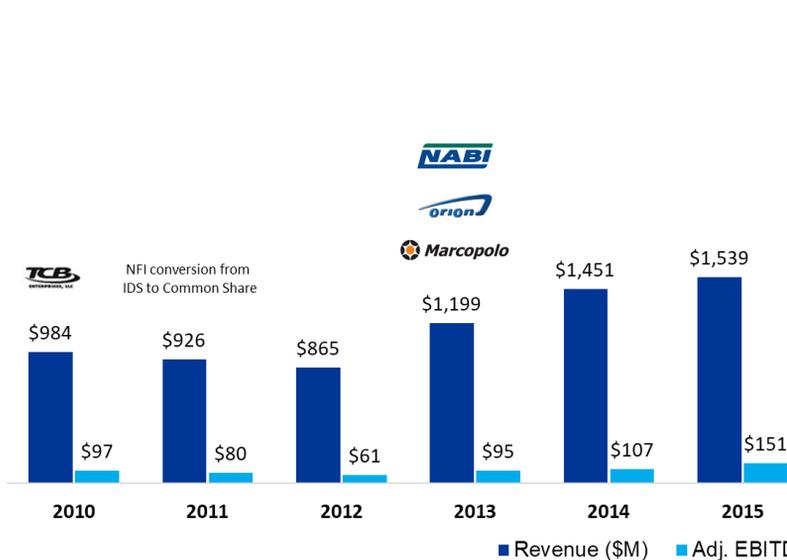


**PAUL SOUBRY**  
President & Chief  
Executive Officer  
NFI Group

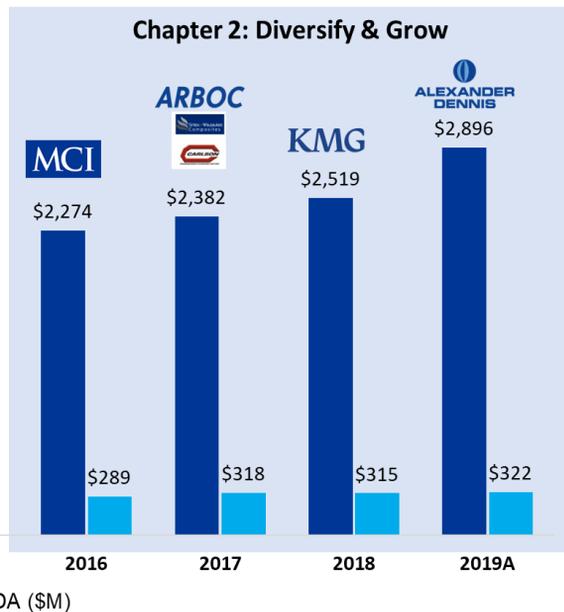
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# CEO Commentary

## Chapter 1: Rationalize North America Transit



## Chapter 2: Diversify & Grow



Growth

Cost Optimization

Innovation & Technology Adoption

Customer & Employee Satisfaction



# MARKET LEADERS & INNOVATORS

**41% Market Share**  
in NA Transit

**46% Market Share**  
in NA Coach

**72% Market Share**  
in UK Transit

**105,000+**  
vehicles in service

**#1 Manufacturer**  
of ZEBs in  
NA and UK

**Broadest ZEB  
Offering**  
battery-electric,  
hydrogen fuel-cell,  
electric trolleys

**EV Market Share**  
15 of top 25 cities in  
NA; 70% share UK

**7,000 - 8,000**  
Annual Production  
Capacity

**Propulsion  
Agnostic**

**\$400M+**  
aftermarket parts  
business; recurring  
revenue stream



**IAN SMART**  
EVP, Business Transformation  
NFI Group

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# NFI Forward Update

## NFI Forward Financial Goals

- 1. Reduce 2019 Run Rate SG&A and OH by 8-10% (\$65M annual adj EBITDA impact)**
- 2. Generate additional \$10M Free Cash Flow (FCF) by YE 2022**

## NFI Forward Key Initiatives

- 1** Centralization and standardization
- 2** North America Bus and Coach Combination
- 3** Canada/US Aftermarket Consolidation
- 4** UK Manufacturing Consolidation
- 5** Canada/US Manufacturing Site Optimization
- 6** Group Wide Strategic Sourcing

**Pivot NFI from a holding company to an integrated operating company.**

# **CENTRALIZE AND STANDARDIZE**

**Impact:** Consistent, lean business service delivery.

| <b>Pre-NFI Forward</b>  | <b>End State</b>   |
|---|--|
| <ul style="list-style-type: none"><li>• De-centralized Finance &amp; Accounting functions, including A/P, A/R, and Treasury</li><li>• Business Unit (BU) specific sourcing, Health and Safety, Regulatory Reporting, and Labor Relations</li><li>• Separate BU payroll, benefits, and compensation services</li></ul> | <ul style="list-style-type: none"><li>• Centralized Finance &amp; Accounting Teams for A/P, A/R and Treasury</li><li>• One North American sourcing team</li><li>• Centralized Health &amp; Safety, Regulatory Reporting, and Labor Relations</li><li>• Centralized Human Resources functions, and Total Rewards Services</li></ul> |

**Transition to standard centralized support services in process.**

Impact: Process harmonization and related SG&A and OH savings captured

## Pre-NFI Forward



ORACLE

Executive, HR, Finance, Supply, Sales, Engineering



Executive, HR, Finance, Supply, Sales, Engineering



HR, Finance, Supply, Sales



ORACLE

HR, Finance, Supply

## End State

Consolidated, Harmonized Business Unit



Executive

HR

Finance

Supply

Sales

Engineering

Part Fabrication

ORACLE

Management team integrated. Process/Software harmonization underway.

## Impact: Reduced Footprint, SG&A and Inventory

### Pre-NFI Forward

- 22 parts Inventory stocking locations
- NFI Parts and ADL North America Parts stand alone businesses
- Redundant physical inventories and investment

### End State

- Reduced inventory, stocking locations and footprint
- All NFI Group brands supported by NFI Parts in Canada & US with same or better service levels

nfi.parts™



**To date, NFI Parts stocking locations have been reduced by 13 to 9.**

**Impact:** Right-sizing facilities and overhead; significant reduction in SG&A and OH

## Pre-NFI Forward



## End State



**Guilford manufacturing site decommissioned; workforce reduction ~600.**

**Impact:** Facility optimization; reduced footprint creating efficiency gains and SG&A and WIP reduction

## Pre-NFI Forward

## End State



- Number of locations optimized for production, capacity and demand
- Rationalization of all fiberglass manufacturing facilities into Carfair locations
- KMG expanded insourcing for all North American NFI buses

**2 projects now in execution; 2 projects in review/approval process.**

## Impact: Material cost reduction driven by eBus acceleration and sourcing strategy

### Pre-NFI Forward

- 2019 NFI Group Material spend of \$2B (\$1.5B in 2020) represents 70% of our costs, BUs source individually
- Targeting \$20M material cost reductions:
  - Leveraging NFI Group supply spend
  - Accelerating sourcing/engineering cost reduction across product platforms
- EVs represented 5% of 2019 production

### End State

- Cross-Business Unit collaboration to optimize product costs
- Dedicated team of engineers and supply specialists
- EVs expected to be approx. 9% of 2020 production and 25-30% of 2023 production

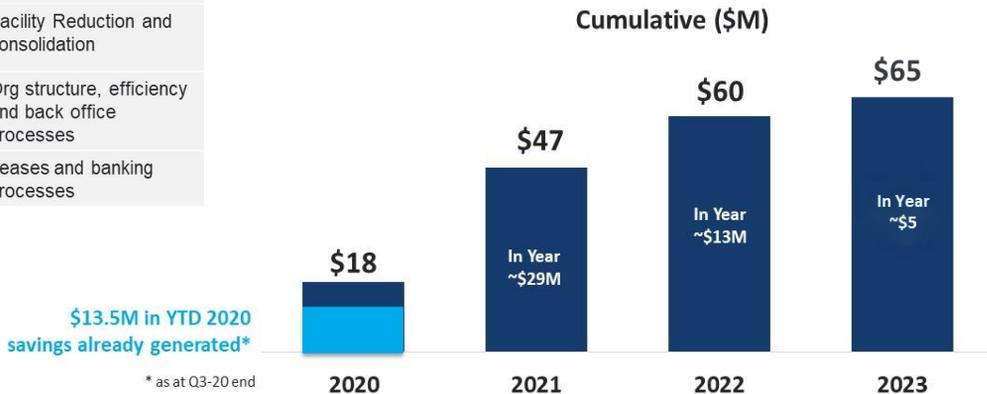
**Significant opportunity within eBUS material cost reductions.  
Several in place to support 2021 deliveries.**



# NFI FORWARD OVERVIEW

NFI-wide transformative program to combine business units, consolidate facilities, remove overhead costs, and create a more efficient, integrated company.

| Category               | Annual Benefit              | Benefit Drivers                                     |
|------------------------|-----------------------------|---|
| Direct Materials       | \$20 M <sup>1</sup>         | Strategic sourcing initiatives                      |
| Manufacturing Overhead | \$25M (8% - 10% reduction*) | Facility Reduction and consolidation                |
| SG&A                   | \$25M (8% - 10% reduction*) | Org structure, efficiency and back office processes |
| Cash Flow              | \$10M                       | Leases and banking processes                        |



Creates significant Adj. EBITDA drop-through with volume recovery

## Annual Run rate \$65M Adjusted EBITDA and \$10M Free Cash Flow by 2023.

<sup>1</sup> \$20M includes both one-time and permanent reductions.  
\*From 2019 levels.



**MODERATOR**  
**JENNIFER MCNEILL**  
VP, Sales & Marketing



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# Panel with Public Transit Mobility Experts & Customers



**PAUL SKOUTELAS**

President & CEO



**DR. JOSIPA PETRONIC**

President & CEO



**DAVID BROWN**

Group Chief Executive



**DANNY ILIOIU**

Zero-Emissions Fleet  
Strategic Planning Manager





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# Introduction to the **ZE**volution.™

**KATHERINE WINTER**

Corporate Director  
NFI Group

VP & GM, Autonomous Transportation &  
Infrastructure Division, Intel Corporation



**PAUL SOUBRY**  
President & Chief  
Executive Officer  
NFI Group

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 **Leading the *ZE*volution.™**



Leading the **ZE**volution.™

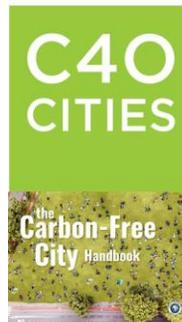
Investor Day | January 11, 2021

# BUSES

are projected  
to lead the  
vehicle transition  
to Zero Emission

- ✓ Clean City Initiatives
- ✓ Political Will and Funding
- ✓ Charging Standards
- ✓ Cost of Ownership
- ✓ Industry Demand

# Carbon-Free and Clean City commitments are being established and implemented globally



## Resulting in Political Will for ZEB's gaining momentum



*"President-Elect Biden Wants **Zero-Emission Public Transit for Cities With 100,000+ People**"<sup>1</sup>  
**"15 States** follow California's lead and agree that transit agencies **must purchase all-electric buses**"<sup>2</sup>*



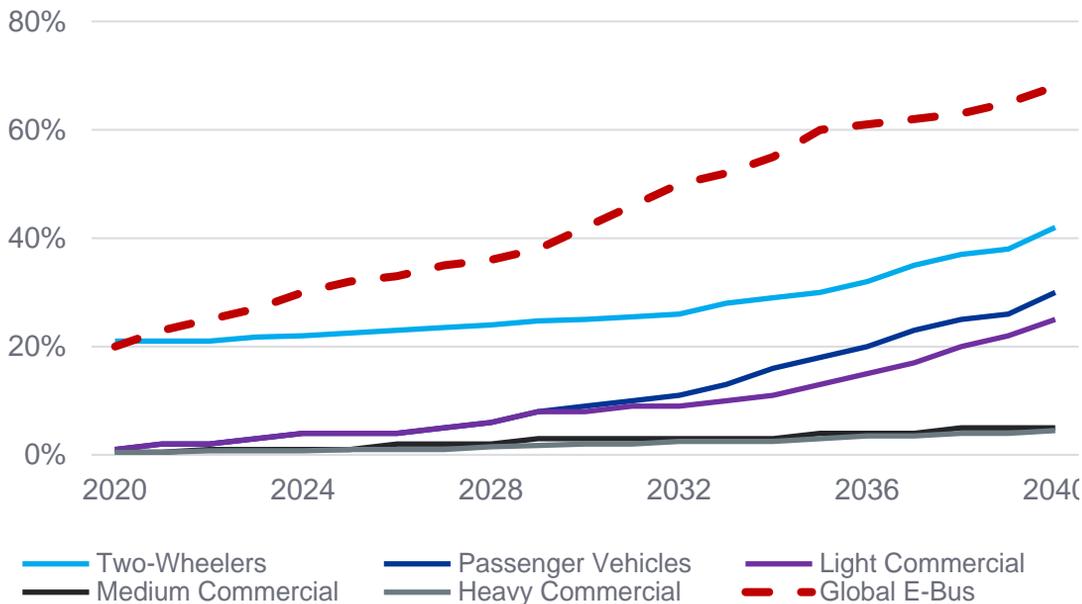
*"Our government is committed **to accelerate the adoption of zero-emission buses** and charging infrastructure so Canadians can have a cleaner commute"<sup>3</sup>*



*"The UK government's National Bus Strategy will see **more than 4,000 zero-emission vehicles** put into service and the creation of Britain's first all-electric bus town"<sup>4</sup>*

# ZEB adoption projected to outpace Cars/Trucks

## EV Share of Global Vehicle Fleet by Segment<sup>1</sup>



<sup>1</sup> Bloomberg New Energy Finance Outlook 2020

## Charging standards were established



Industry collaboration including commercial and passenger vehicles led to development of IEC 61851 standards for vehicle charging in 2017



Initial drive for standards from the California Air Resources Board (CARB) and collaboration of numerous passenger and commercial vehicle manufacturers. Creation of SAE J1772 standard and J3068

## Requiring customization for different charging approaches



**Rapid Charging**  
On-Route  
moved first



**Depot Charging**  
Shift to  
Overnight



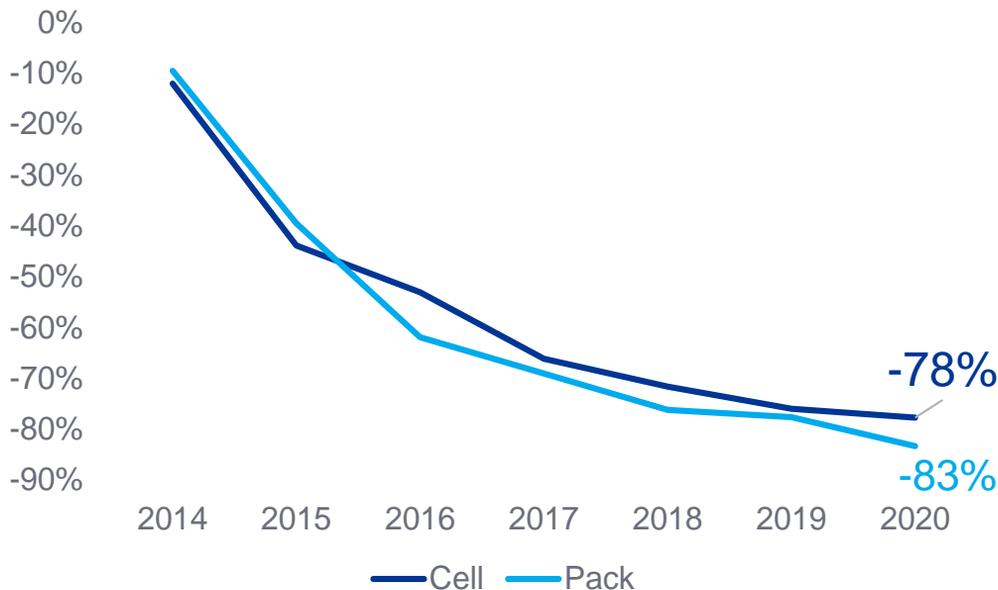
**Wireless Charging**  
Under  
Development



ELECTRIC POWER  
RESEARCH INSTITUTE

## Global Battery prices have decreased 80% since 2014

**Bloomberg NEF 2020 Cumulative Decline in Battery Cell and Battery Pack Prices – Real 2020 \$/kWh<sup>1</sup>**



**Total Cost of Ownership of ZEB's will approach parity**

# Operator demand for ZEB now gaining traction



*"Commitment to 100% zero-emissions by 2040"*



*"From 2025 onwards committed to acquiring 100% electric vehicles"*



*"Low-Carbon Fleet Strategy to convert all buses to zero-emission by 2050"*



*"Committed to a 100% zero-emission fleet by 2040"*



*"Committed to 100% ZEB by 2040"*



*"Bus action plan launched in 2018 to convert public bus fleet to all-electric by 2040"*



*"By 2037 all buses across London will be zero emission"*



*"Ambitious goal of an all-electric fleet by 2035"*



*"Pledge to work with government to make every new bus an ultra-low or zero-emission vehicle from 2025"*

## There's no going back now...

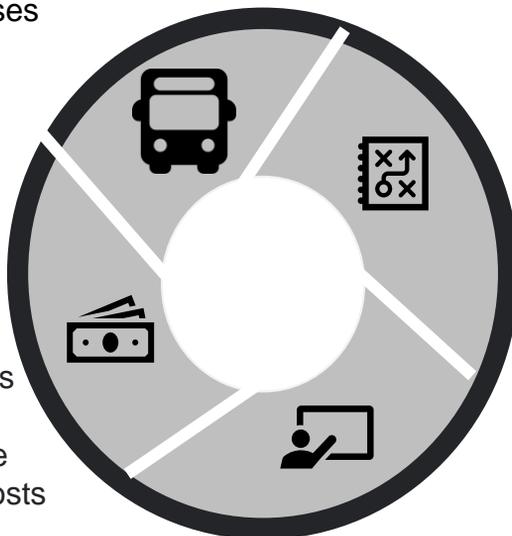
# So, what paces the transition to ZEBs?

## Existing Fleet

- Typically operate buses for 12–18 years
- 1-for-1 replacement

## Funding

- Current funding models
- Additional \$ for ZEBs
- Charging infrastructure
- Depot modifications costs
- Funding and Grant incentives for private operators in the UK



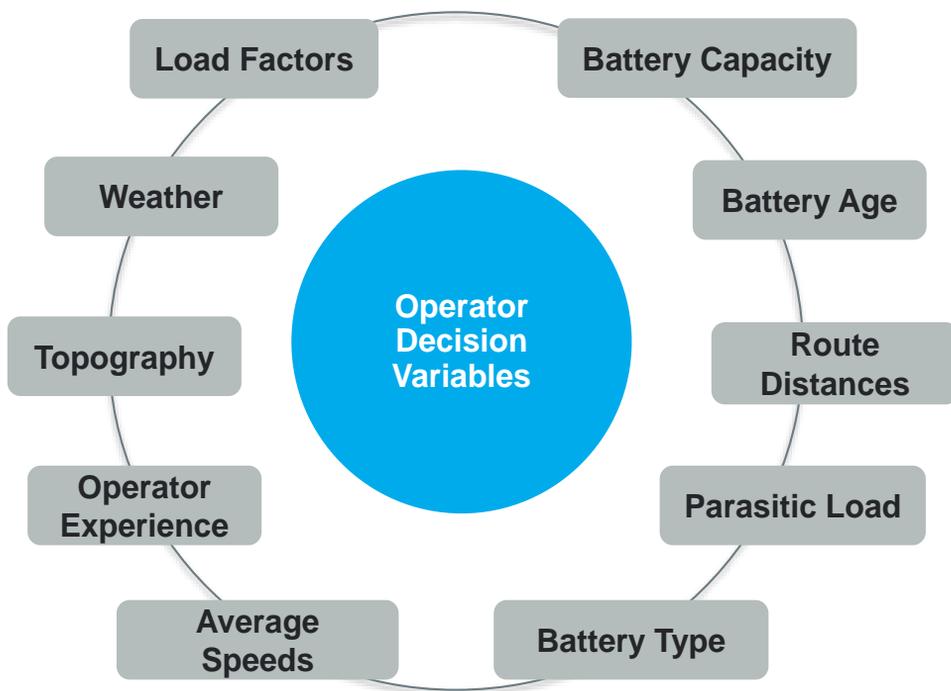
## Integration

- Range and route planning
- Charging strategy
- Significant and reliable energy source

## Training

- New technology adoption
- Operator training on new products and regenerative braking
- Maintenance expertise and PPE deployment

# Numerous factors impact ZEB selection



## NFI ZEB Offering

- Battery-electric
- Fuel Cell Electric
- Trolley Electric

## NFI Charging Offering

- Depot Charging
- On-Route Charging
- Range Extenders



# Leading Electric Bus Mobility

**450+**

Years of bus &  
coach  
expertise

**105K+**

Buses in  
service  
globally

**100+**

Cities have  
NFI buses in  
service

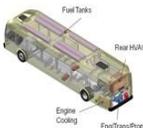
- ✓ Broadest offering of zero-emission buses
- ✓ Leading manufacturer of zero-emission buses in North America
- ✓ Largest EV fleet in the United Kingdom
- ✓ Largest ZEB capacity in NA and UK
- ✓ Dedicated Infrastructure Solutions
- ✓ Runway accelerating anticipate more than 20% of 2021 production will be ZEB

# Structures designed for life.

## Clean Diesel



## Natural Gas



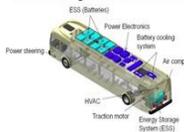
## Hybrid-Electric



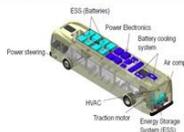
## Electric-Trolley



## Battery-Electric



## Fuel cell-Electric



- Standard approach to weight distribution to optimize passenger capacity
- Common shell production within NFI facilities
- Batteries located where engines and CNG tanks are placed
- Carbon or Stainless-Steel structures
- Common approach to maintenance and field service

**NFI has tested more buses at Altoona\* than any other**

\* FTA's New Model Bus Testing Program (often referred to as "Altoona Testing" due to the location of the main testing center) tests new transit bus models for: safety, structural integrity and durability, reliability, performance (including braking performance), maintainability, noise, fuel economy and emissions

## Our markets require highly spec'd buses to meet individual and local requirements

Need to last for 12 to 20 years

Customized to meet local requirements

Operate between 16 to 20 hours/day

Significant water ingress testing

Weigh from 35,000 lbs to 45,000 lbs

Driven in a variety of topographies

Need to carry 40 to 60 passengers

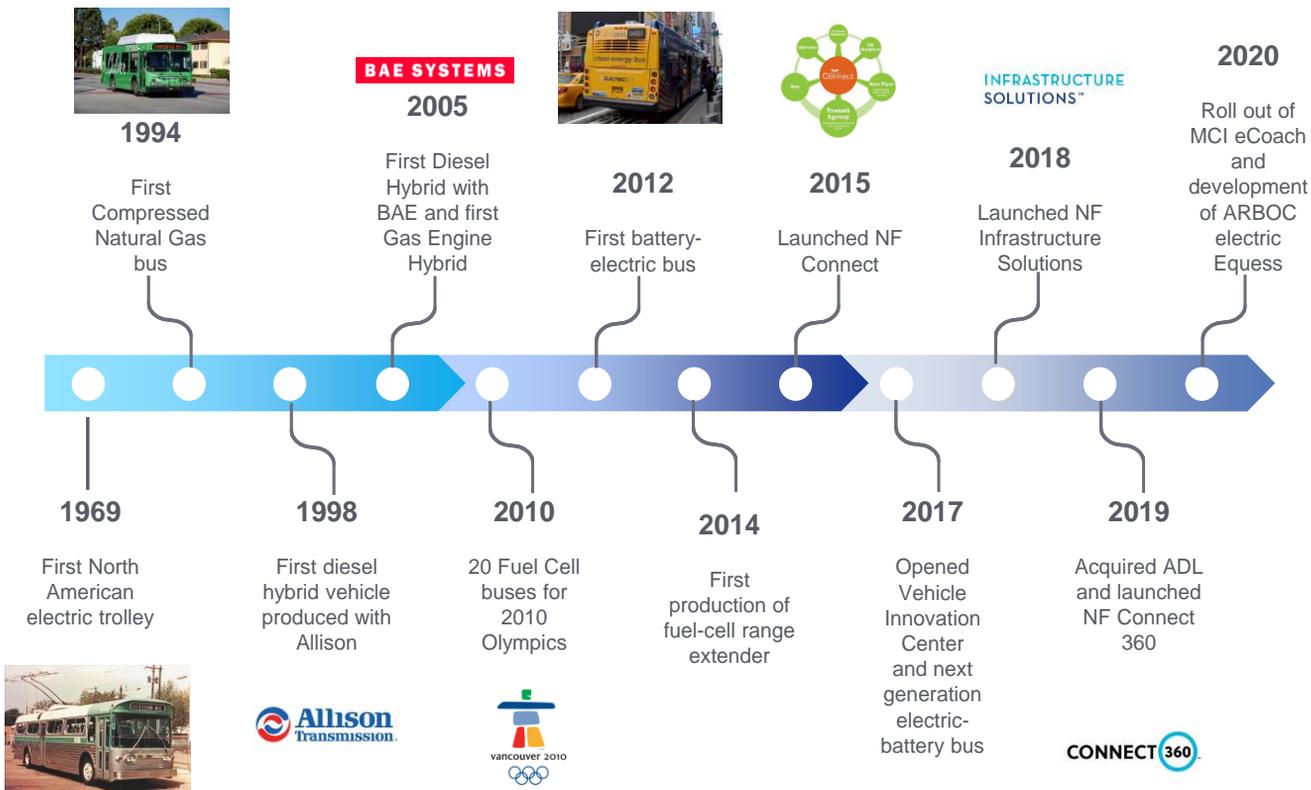
Wi-Fi, Cameras, Monitoring Systems

Driven in -40C to +40C

Doors open and close 1,000 of times/day

**NFI's expertise lies in customization at scale**

# NFI's Zero-Emission Journey started in 1969



# From selling buses to providing **Solutions**

## Infrastructure Solutions



## Buses and Coaches



## Connected Vehicles and Diagnostics



## Aftermarket, Warranty & Service



# “The VIC”: The Industry’s Innovation Center

**2017**

Launch

**2,000+**

Visitors

**200+**

Agencies/Operators

**450**

Attendees for 2020 Virtual  
Sessions



# The only ZEB Collaboration Center of its kind

**24**

Displays

**8**

Interactive Activities

**3**

Observation Decks

**3**

Charger Types

**1**

Simulator



# Industry's Widest Range of ZEB's already exist

**24- & 35-foot**

eQuest



**ADL Single-Deck**

Electric



**35-foot**

Long Range &  
Rapid Charge



**ADL Double-Deck**

Electric



**40-foot**

Long Range &  
Rapid Charge



**40-foot**

Fuel-Cell  
Electric



**Motor Coach**

J4500e



**60-foot**

Long Range &  
Rapid Charge



**Motor Coach**

Electric D45 CRTe LE



**60-foot**

Fuel-Cell  
Electric



# NA's Broadest Offering of Low/No Emission Buses

|                        |  |  |  |  |  |  |
|------------------------|---|---|---|---|--|---|
| Battery-Electric       | ✓   | ✓   | ✓   | ✓   | ✓  | ✓   |
| Fuel-Cell Electric     | ✓   |   |   | ✓   |  |   |
| Electric Trolley       | ✓   |   |   |   |  |   |
| Diesel Electric Hybrid | ✓   | ✓   | ✓   | ✓   |  |   |
| CNG                    | ✓   | ✓   | ✓   | ✓   |  |   |
| Clean Diesel           | ✓   | ✓   | ✓   | ✓   |  |   |
| Lengths                | 25', 30', 35', 40', 60' Articulated, and Double Deck                              | 25', 30', 35', 40', 60' Artic   | 25', 30', 35', 40', 60' Artic   | 30', 35', 40'   | 30', 35', 40'  | 30', 35', 40', Double Deck  |

# UK's Broadest Offering of Low/No Emission Buses



Mercedes-Benz

Battery-Electric



Fuel-Cell Electric



Zero-Emission capable Hybrid



Diesel Electric Hybrid



Clean Diesel



CNG



Lengths

25', 30',  
35', 40',  
and  
Double  
Deck

25', 30',  
35', 40',  
and  
Double  
Deck

25', 30',  
35' and  
Double  
Deck

40' and  
Double  
Deck

35' and  
40'

35' and  
40'

# North America's Largest ZEB Production Capacity

**80 units**

Weekly Capacity

**4,200 units**

Annual Capacity

**9**

ZEB Capable Facilities

**1**

Dedicated New Product  
Development Facility

**5,000+**

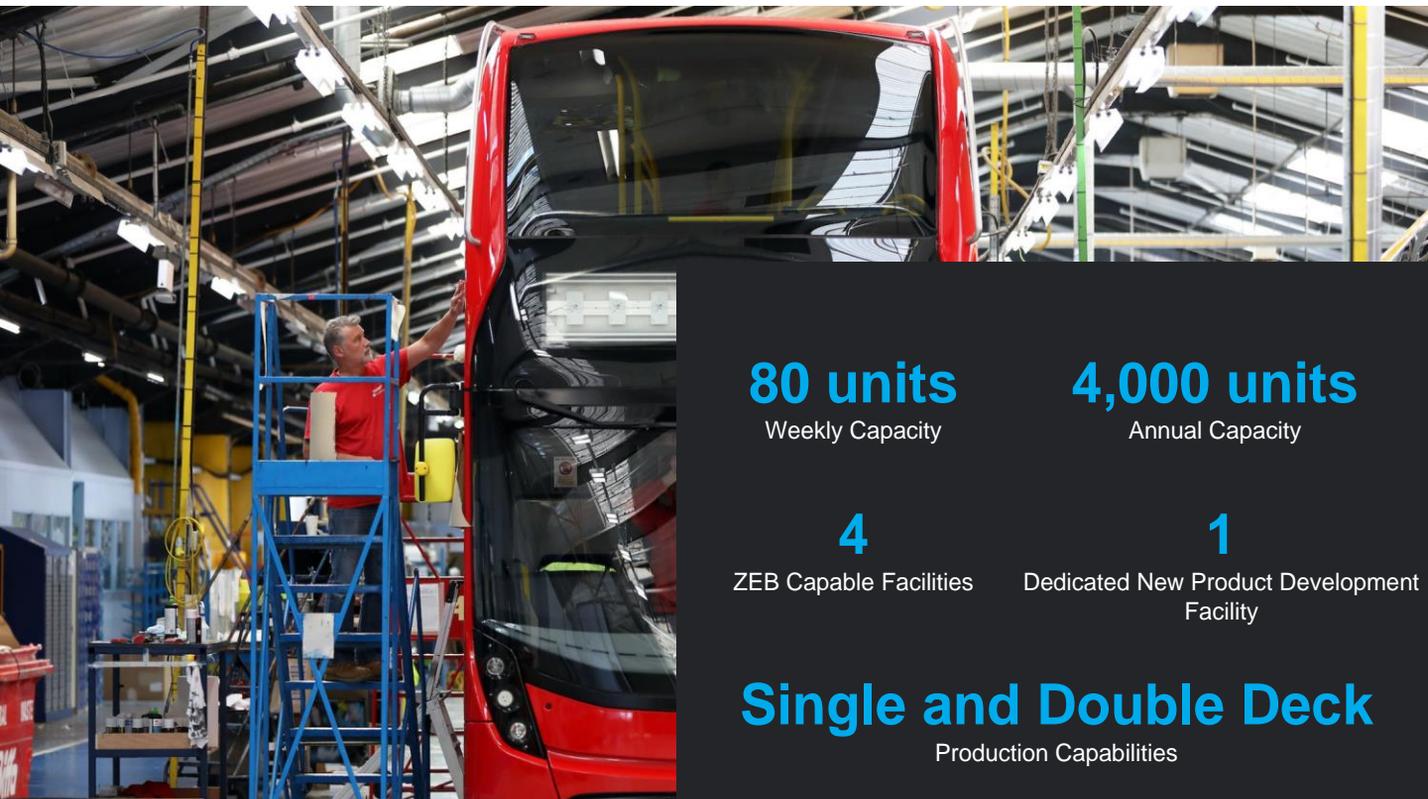
Team Members

**3,000,000+**

Production Sq. Ft.



# The UK's Largest ZEB Production Capacity



**80 units**

Weekly Capacity

**4,000 units**

Annual Capacity

**4**

ZEB Capable Facilities

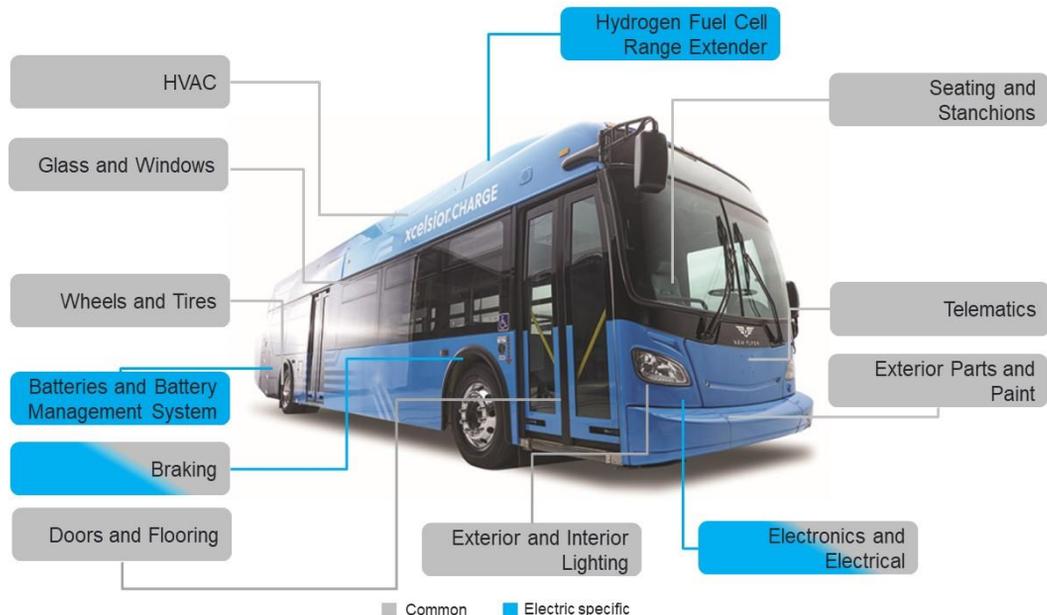
**1**

Dedicated New Product Development  
Facility

**Single and Double Deck**

Production Capabilities

>90% of NFI's current suppliers are the same for ZEB



Sophisticated supply chain with the complexity of Buy America

## NFI has Partnerships with Leading Suppliers

### Electric Propulsion

**XALT** Energy®

**A123**  
SYSTEMS



**SIEMENS**

**BALLARD**®

### Charging & Telematics

heliox

**ABB**

**SIEMENS**

-chargepoint+

**Traffilog**

**Commercial vehicle partners focused on heavy-duty use**

# New Flyer manufactures its own battery packs

XALT Energy®

A123  
SYSTEMS



Cell Sourcing  
Relationships

XALT Energy®

A123  
SYSTEMS



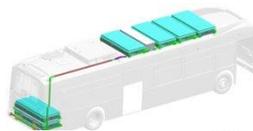
Battery  
Module



Battery Pack  
Manufacturing



MCI



Installation of  
Battery Pack

CONNECT 360

Connect 360  
Installation  
and Testing

**Continuous battery market research and testing**

## NFI chooses to remain cell agnostic

### Financial Implications

- Significant R&D investment required to match current technology
- 80% decline in battery cost/kwh since 2014
- In 2020 battery cells are ~25% of a ZEB cost

### Performance Implications

- ✓ Range: Cell capacity to achieve desired range
- ✓ Cycle life to last 12-15 years in transit applications
- ✓ Charge rates: on route vs depot; match battery cells for product application
- ✓ Reliability
- ✓ Can change technology quickly
- ✓ Match competitor offerings
- ✓ Warranty dynamics

**Retain flexibility to integrate the best available cells**



# ...and throughout the UK and New Zealand



# Industry's most comprehensive support network



**24**  
Parts Stocking Locations across NFI

**300+**  
Field and Technical Service Employees

**5**  
24/7 Customer Service Support Call Centers

# Real time telematics and OTA software updates

## CONNECT 360™

## AD24



## Monitoring both the Electric System and the Bus

# Providing safe, reliable, smart and sustainable charging & mobility solutions

**NEW FLYER.** / **INFRASTRUCTURE SOLUTIONS™**

- Introduced in 2019 to support NFI North American Electric Bus Deployments
- Provides a cohesive transition of bus fleets to zero-emission bus technology
- Focuses on energy management optimization, as well as infrastructure planning and development

## On-Route



## Plug-In



## Depot



## New Flyer Battery Recycling “Pilot” Project

Targeting recycling  
of 3,200 lbs of  
lithium-ion batteries

Closed loop battery  
resource recovery  
service produces  
minimal solid waste,  
and zero liquid and  
air emissions



Process Recovers  
95% of all lithium-ion  
battery materials

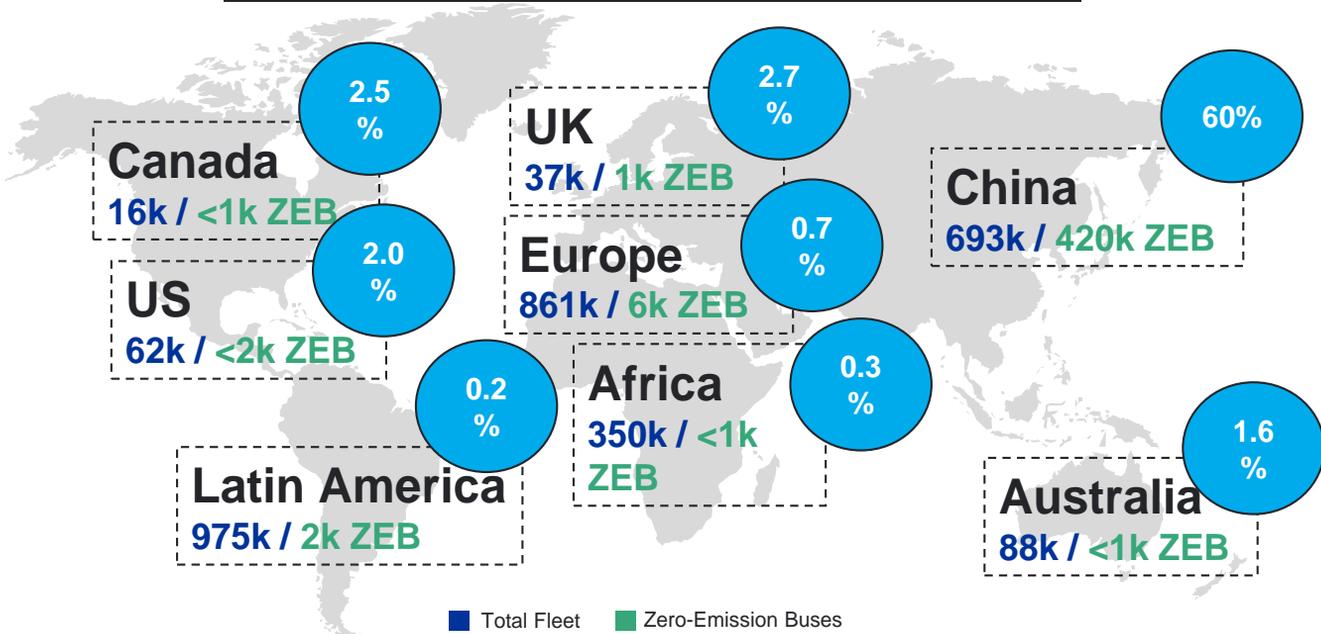
Patented Li-Cycle  
technology outputs  
high-purity battery  
chemicals for  
redirection into lithium-  
ion supply chain

**Reality is ...**  
transitioning to  
ZEB's in the  
US, Canada and  
UK is inevitable,  
but  
it's an evolution.

- ✓ Useful life of existing fleet
- ✓ Local Politics and Funding
- ✓ Operator Experience
- ✓ Vehicle Customization
- ✓ Charging Strategy Selection
- ✓ Energy Demand and Sourcing

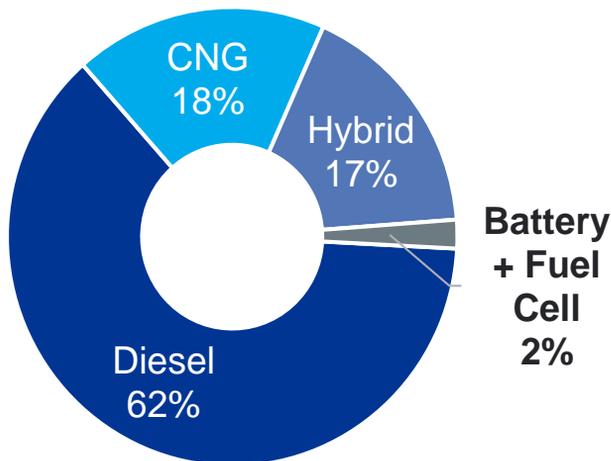
# It will take time to move to 100% ZEB fleets given current fleet status and adoption rates

## Global Installed Bus Fleets and Numbers of ZEBs

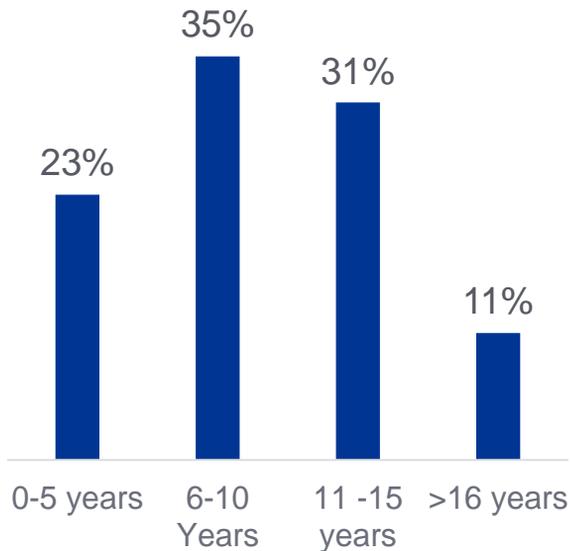


# The current US transit bus fleet is primarily Diesel and CNG and under 10 years old

## Fleet by Propulsion Type



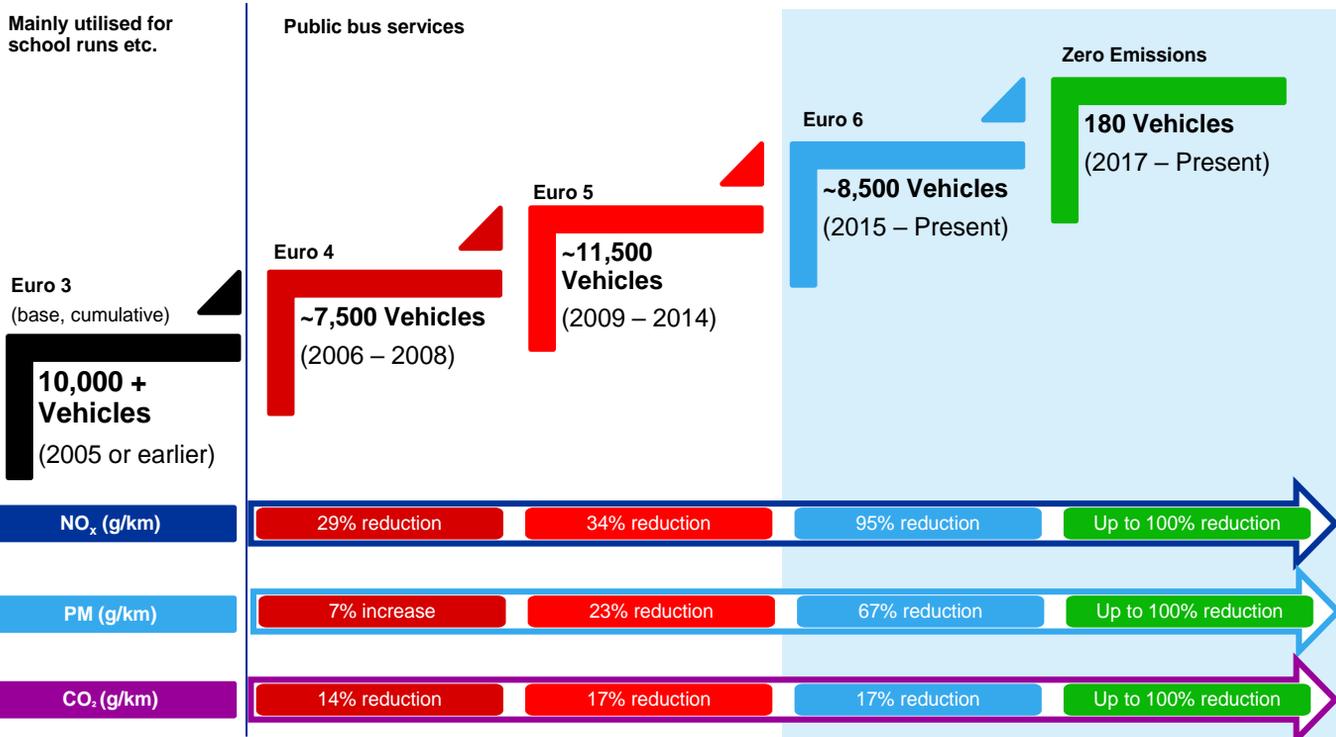
## Fleet by Vehicle Age



# Less than 25% of the vehicles on the road in the UK are Euro 6 / Hybrid / Zero-Emission\*

Mainly utilised for school runs etc.

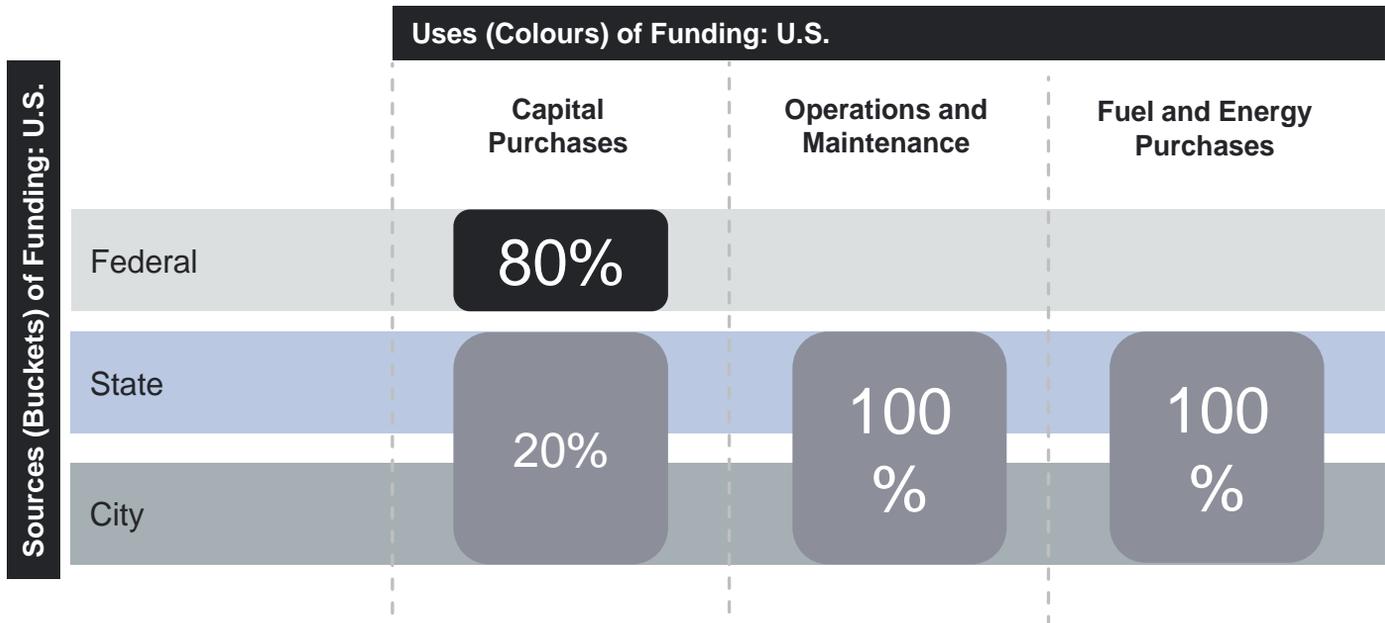
Public bus services



\*Excludes London

Source: Emissions for London Single Deck Diesel Bus, Transport for London

# Buckets & Colours of money fund bus procurements



**UK is more reliant on private operator farebox revenues, but incentives are there to drive transition to ZEB's**

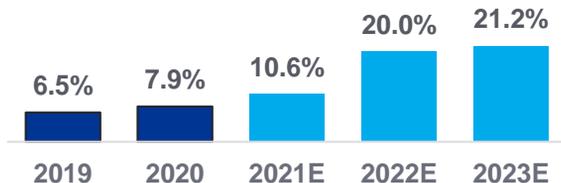
**Let's not forget: as more ZEB's are deployed, immense demands are required for energy**



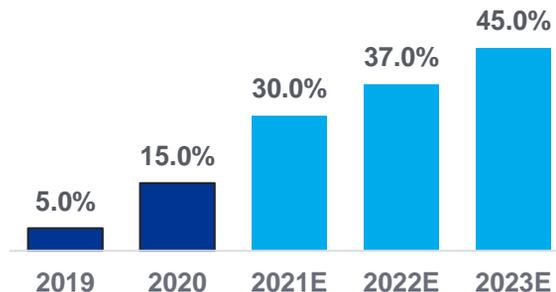
**Overnight charging of 600 ZEB's could require peak demand of 45 MW, the equivalent of nearly 30,000 homes**

# Projected Market adoption rates of ZEBs<sup>1</sup>

**North American Heavy-Duty Transit**



**UK Transit**



**North American Coach**



**North American Cutaway**



**If the adoption rate increases, NFI is already there**

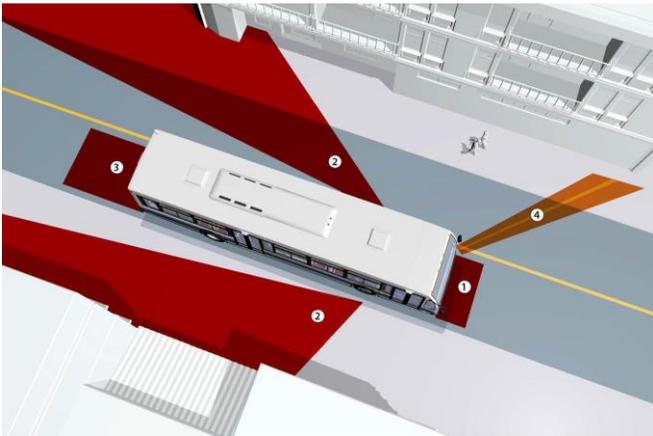
<sup>1</sup> Percentage of annual deliveries based on management estimates

Autonomous  
buses  
exist,  
but adoption  
will be measured



  
**NFI** is HERE

# Imagine the possibilities of autonomous buses



Pedestrian and vehicle safety  
and data collection



Driverless depots and parking

# New Flyer Xcelsior AV™

North America's first SAE Level 4 (SAE J3016) Automated Heavy-Duty Transit Bus



# ADL Automated Bus

Joint project with Stagecoach to pilot UK depot automated vehicle





# Leading the **ZE**volution.™

- ✓ Market dynamics position bus and coach transition to EV
- ✓ NFI was built through decades of investment, innovation and product development
- ✓ NFI is the **industry's leader** and in prime position to capitalize on the zero-emission evolution (**ZE**volution™)
- ✓ NFI has the most manufacturing capacity, largest installed fleet, deepest relationships and the most reliable aftermarket network
- ✓ NFI offers turnkey mobility solutions to transition fleets from legacy to EV propulsion: infrastructure solutions, vehicles, telematics, parts support
- ✓ Today, NFI has 8% of Backlog are ZEB, and 31% of our total Public bid universe are ZEB driving profitable growth

The NFI logo consists of the letters 'NFI' in a bold, white, sans-serif font, centered within a blue square that has a slight wave-like bottom edge. The background of the entire image is a futuristic, dark blue tunnel with glowing light streaks on the walls and floor, leading towards a city skyline at night, with the Petronas Towers being prominent on the left.

**NFI**

Leading the **ZE**volution.™



JANUARY 11, 2021

# Market & Business Updates



**CHRIS STODDART**

President



**DOUG MINIX**

General Manager



**PAUL DAVIES**

President & Managing  
Director



**BRIAN DEWSNUP**

President





Leading the **ZE**volution.™



## BUSINESS HIGHLIGHTS: TRANSIT

North American Market Leader in both  
Heavy-Duty Transit & Coach  
Manufacturing

**1930**

founded

**2015**

acquired MCI

**5,000+**

team members\*

**3,000,000+ sq ft**

production space\*

**4,200 EUs**

annual production  
capacity\*\*

**~2,800 Vehicles**

produced in Last  
12 Months\*\*

**300+**

annual customer  
contract capacity

**60,000+**

buses in service

\*Including Parts Fabrication  
\*\* In Equivalent Units

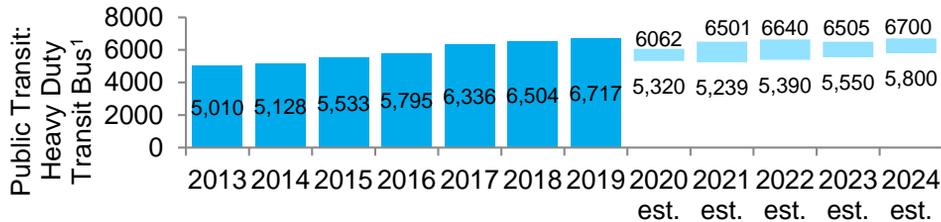
## COVID-19 Business Impacts

- 87% decline in private motorcoach deliveries
- No cancellations of public transit contracts, but significant delay in multi-year procurements, and reduction in order sizes
- COVID-19 Protocols successfully deployed in all facilities and teams; managing the absenteeism challenge
- Adjustment in manufacturing run rates to support primarily public sector vehicles

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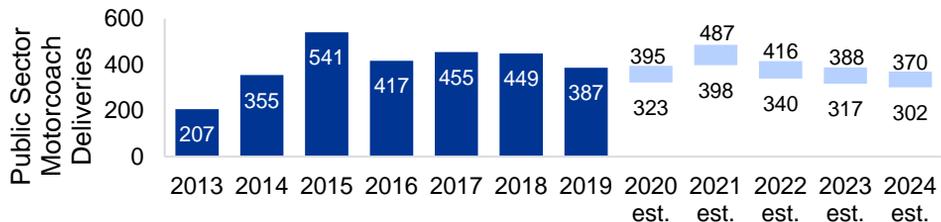
## Opportunities

- High engineering focus on developing products and features that reduce risk of COVID-19 transmission
- Relentless advocacy in US/CANADA for COVID recovery and green stimulus funding
- Outstanding performance in the zero-emission bus space



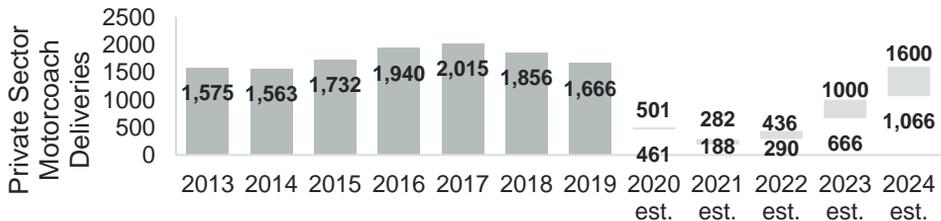
Source: Metro Magazine / Management Estimates

**41% Market Share (2019)**



Source: American Bus Association / Management Estimates

**100% Market Share (2019)**



Source: American Bus Association / Management Estimates

**64% Market Share (2020 YTD)**

**34% Market Share (2019)**

<sup>1</sup> All Deliveries in Equivalent Units.

\*2020-2024 Volume Range Projections are Management Estimates



## Emergency Relief Funding

- \$2.2 Trillion CARES Act
  - \$25B Public Transit
- \$900B COVID Relief Bill
  - \$14B Public Transit
  - \$2B Private Coach Operators

## Recovery

- \$13B FY2021 FTA Appropriations
  - \$1.176B Bus and Bus Infrastructure
  - \$1.994B Capital Investment Grant
  - \$1B BUILD Grants
  - \$11M Innovative Mobility Grants

## Outlook

- Surface Transportation Bill Reauthorization
- Biden Administration Priorities
 

*"Provide every American city with 100,000 or more residents with high-quality, zero-emissions public transportation options through flexible federal investments..."<sup>1</sup>*

<sup>1</sup> <https://www.buildbackbetter.gov>



- \$4.6B Safe Restart Agreement
  - \$2.3B Public Transit
  - Cost shared at 50/50 with the Provincial Governments
- \$2.2B Federal Gas Tax Fund Accelerated in 2020

- \$33.6B Investing in Canada Infrastructure Program
- Provincial Recovery Bills

- Healthy Environment and a Healthy Economy Climate Plan
  - 5,000 ZEB Commitment by 2025
  - \$1.5B Canada Infrastructure Bank
  - \$150M Charging Infrastructure

*"Work with provinces and territories to introduce new funding to help school boards and municipalities purchase 5,000 zero-emission school and transit buses over the next five years."<sup>2</sup>*

<sup>2</sup> <https://pm.gc.ca>

**194 units**  
delivered to  
17 cities

**714% increase**  
in year-over-year  
infrastructure  
revenue

**85% win rate**  
for units (known  
procurements)

**12 FTA 2020**  
LoNo Grants w/New  
Flyer named as  
partner

**1<sup>st</sup> D45CRTe LE**  
battery-electric coach  
order secured for 25 coaches



COVID Market Disruption  
is **Accelerating** the Rate of  
Adoption of Zero-Emission  
Vehicles

# ZEB PROGRAMS ACROSS NA



## xcelstor **CHARGE**

New Flyer's zero-emission battery-electric transit bus; long range & rapid charge configurations.

35-foot



40-foot



60-foot



**300+ units** in service  
across North America

## xcelstor **CHARGE H2**

New Flyer's zero-emission hydrogen fuel cell-electric transit bus

40-foot



60-foot



**28 units** in service  
across North America

# CONNECT 360™



**Daily reporting of in-service performance.**

## Providing confidence in your battery-electric bus fleet

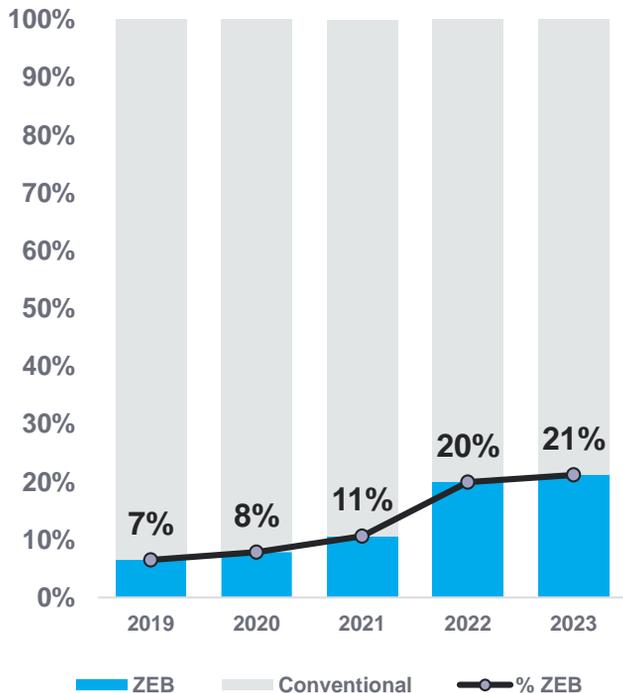
- Performance analytics dashboard for Xcelsior CHARGE™ battery-electric buses
- Additional range capability with improved driver performance, reduced operating cost, and maximum fleet utilization
- Decision-making information to optimize charging strategies and intelligence on preserving battery energy throughout the day
- Analytics include battery state-of-charge, air temperature trends, GPS location, average speeds, energy consumption (kWh/mile), regenerative braking, and range achievement
- Enables Over-The-Air Software Updates

## Providing safe, reliable, smart, and sustainable charging and mobility solutions

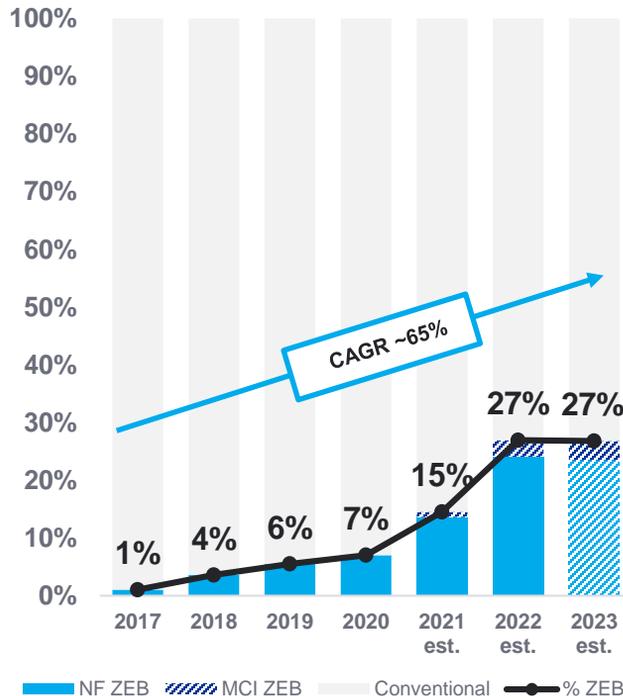
- Introduced by New Flyer in Jan 2019
  - Supports mobility projects start-to-finish
  - Focuses on energy management optimization, as well as infrastructure planning/development
  - Provides a cohesive transition of bus fleets to zero-emission bus (ZEB) technology
  - Supports all NFI North American Electric Bus Deployments
- 
- **714% Growth** in Year-Over-Year Revenue
  - **170+ Chargers** Installed To-Date



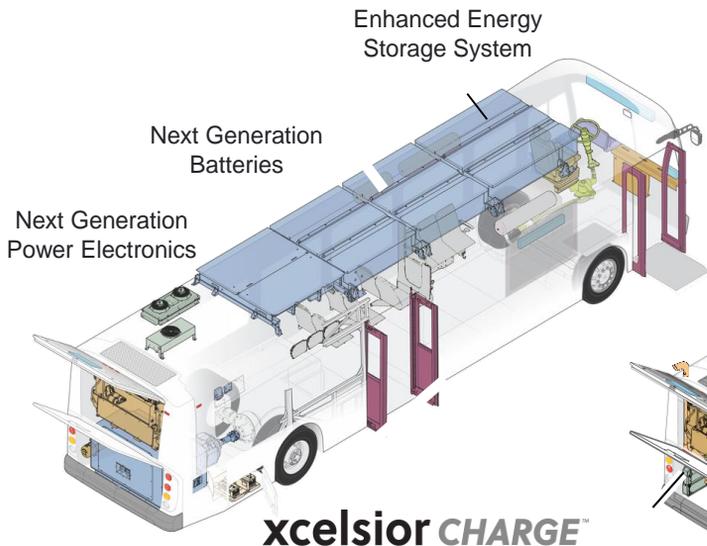
### North American Annual Bus Deliveries (EUs)<sup>1</sup>



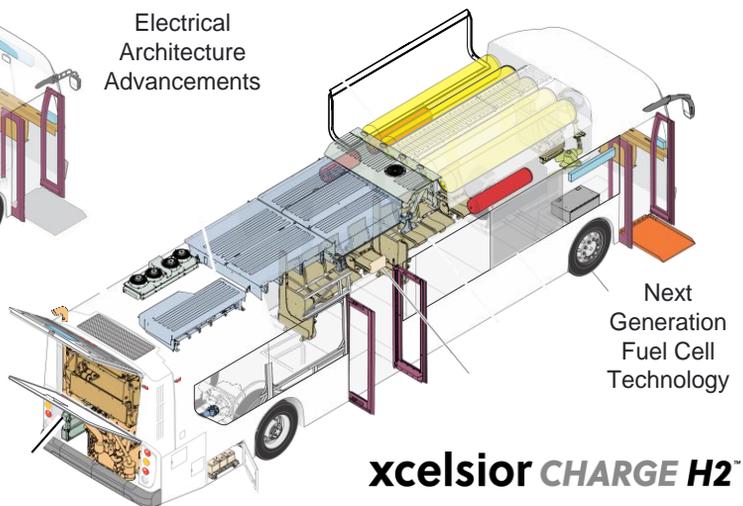
### New Flyer / MCI Annual Deliveries (EUs)<sup>1</sup>



<sup>1</sup> Source: New Flyer Management Estimates



Electrical Architecture Advancements



**xcelcior AV™**



Level 0:  
No  
Automation



Level 1:  
Driver  
Assistance



Level 2:  
Partial  
Automation



Level 3:  
Conditional  
Automation



Level 4:  
High  
Automation



Level 5:  
Full  
Automation

SAE J3016 Automated Driving Levels



## Xcelsior AV™

North America's First SAE Level 4 Automated Heavy-Duty Transit Bus



## Xcelsior CHARGE NG™

New Flyer's next generation battery-electric heavy duty transit bus



**MCI D45 CRTe LE CHARGE™**  
 MCI's Low-Entry Battery-Electric Commuter Coach



**MCI J4500e CHARGE™**  
MCI's Battery-Electric Motorcoach

## North America's largest **zero-emission** bus capacity



Positioned for **Growth** in Zero-Emission Space

Execute on combination of New Flyer and MCI to a single cohesive operating business

Launch, Xcelsior AV, Xcelsior CHARGE NG, D45CRTe LE, J4500e & NFI products through the VIC

Grow Infrastructure Solutions to support charging infrastructure for all NFI battery-electric vehicles

Optimize in-house fabrication, including advanced battery enclosures and ESS build up capabilities



**ARBOC**

Leading the **ZE**volution.™



**NA Leader in Low-Floor Cutaway Buses; disruptor in high-floor centric industry; growing Medium-Duty Shuttle offering**

**2008**

founded

**130+**

team members

**Middlebury, IN**

headquarters

**114,000+ sq ft**

production space

**4,000+ Vehicles**

produced to-date

**414 Vehicles**

produced in last 12 months

**370 unit**

current book of business

**13**

dealers  
(31 NA locations)



**COVID-19  
Impacts**

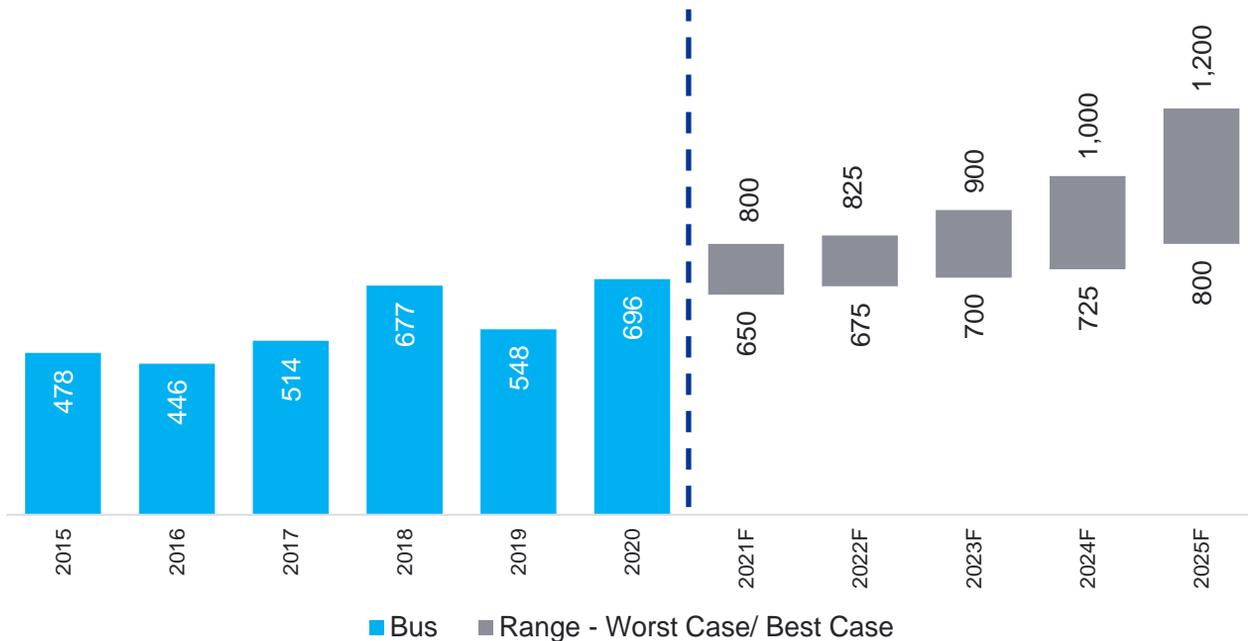
- Started 2020 on-pace to meet/exceed AOP
  - April: operations idled and no shipments
  - End of May: ramped back up to full production
  - Higher than normal absenteeism peaked in November 2020
  - Some supply chain interruptions and delays; seeking alternate and additional suppliers to mitigate future risk
- 

**Opportunities**

- Continued execution of existing contracts and success gaining new customers/contracts
- Increased production throughput resulting in higher sales
- Continue to leverage NFI suppliers for material cost reduction
- Launch of Equess CHARGE: market disrupter in zero-emission that leverages NFI Group EV expertise
- Execute low-floor e-Cutaway strategy

## Cutaway/Medium-Duty Low-Floor Market<sup>1</sup>

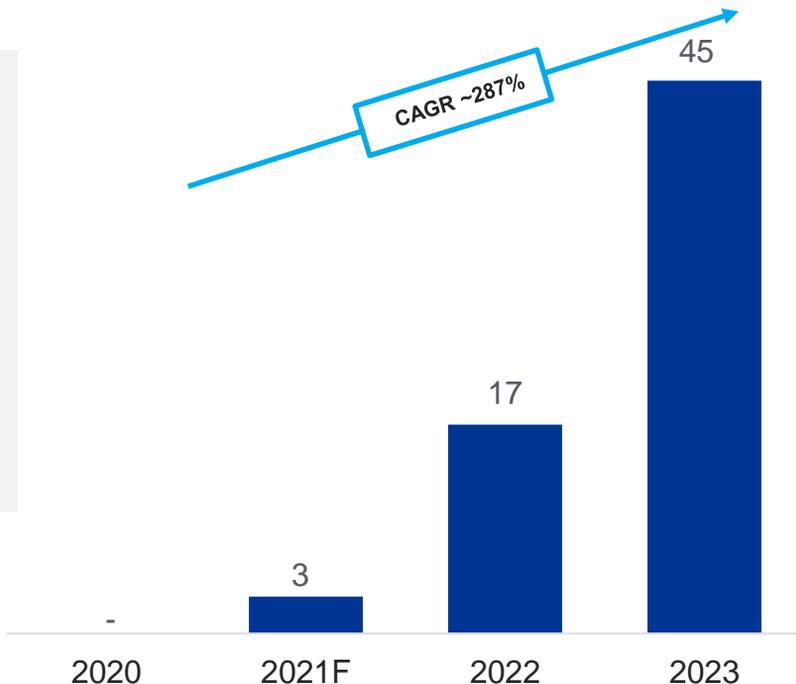
ARBOC 2019 Market Share: ~75%



<sup>1</sup>2021-25 based on industry estimates; Market data does not include high-floor cutaway vehicles.

- Q2 2021 launch of battery-electric medium-duty Equest Charge
- Q2 2022 targeted launch of electric cutaway
- Medium-duty electric sales expected to move faster than electric cutaway sales
- ARBOC expects to outpace the North American electric cutaway and medium-duty markets

## ARBOC Forecasted ZEB Volumes <sup>1</sup>



<sup>1</sup> Management estimates.  
Includes low-floor cutaway and medium-duty vehicles.



## Equess

Low-Floor, purpose-built medium duty shuttle/transit bus; monocoque design; ARBOC chassis

Up to 33 passengers including up to 6 wheelchair passengers



## Mobility

Low-Floor, fully accessible w/kneeling suspension; GM or Ford cutaway chassis  
*2022 launch of e-Cutaway*

Up to 21 seated and up to 6 (Ford) or 8 (GM) wheelchair passengers



## Freedom

Low-Floor, fully accessible w/non-kneeling suspension; GM or Ford cutaway chassis

Up to 21 seated and up to 6 (Ford) or 8 (GM) wheelchair passengers



## Independence

Low-Floor; smallest vehicle/lowest cost product offering; non-kneeling suspension; Ford Transit cutaway chassis

Up to 14 passengers or 5 wheelchair passengers

**Balanced Chassis Supply from Multiple OEMs**

## equest **CHARGE**<sup>™</sup>

### ARBOC's Zero-Emission Battery-Electric Bus



Available in 30- & 35-foot (shown); 27-foot models also planned

- Built on Equest platform with **range up to 200+ miles**; extended range possible
- Utilizes **New Flyer Xcelsior CHARGE<sup>™</sup> technology**
- Altoona testing planned for Q2 2021 with **product launch in May 2021**
- Designed, sourced, and built **in America**



- Targeting 2022 for e-Cutaway launch
- Program kick-off Q1 2021

- Focusing on Ford E450 platform
- 100% all-electric powered
- 250-mile range; fast charge options
- Following up with H2/electric hybrid version
- Consistent low floor features and capabilities
- Buy America compliant
- Represents significant opportunity in public and private cutaway markets

**California mandating new vehicle purchases over 14,000 GVW be electric (gradual progression)**

Increase share of medium-duty market

Double cutaway vehicle deliveries utilizing variation reduction program

Apply New Flyer OPEX and LEAN manufacturing expertise

Electrification of medium-duty and low-floor cutaway products

Increased collaboration with ADL North America operations

Continue to enhance Buy America compliance and material sourcing





Leading the **ZE**volution.™



## Defining the future of global transport

**1895**  
founded

**1,800+**  
team members

**25,000+**  
passengers  
carried daily

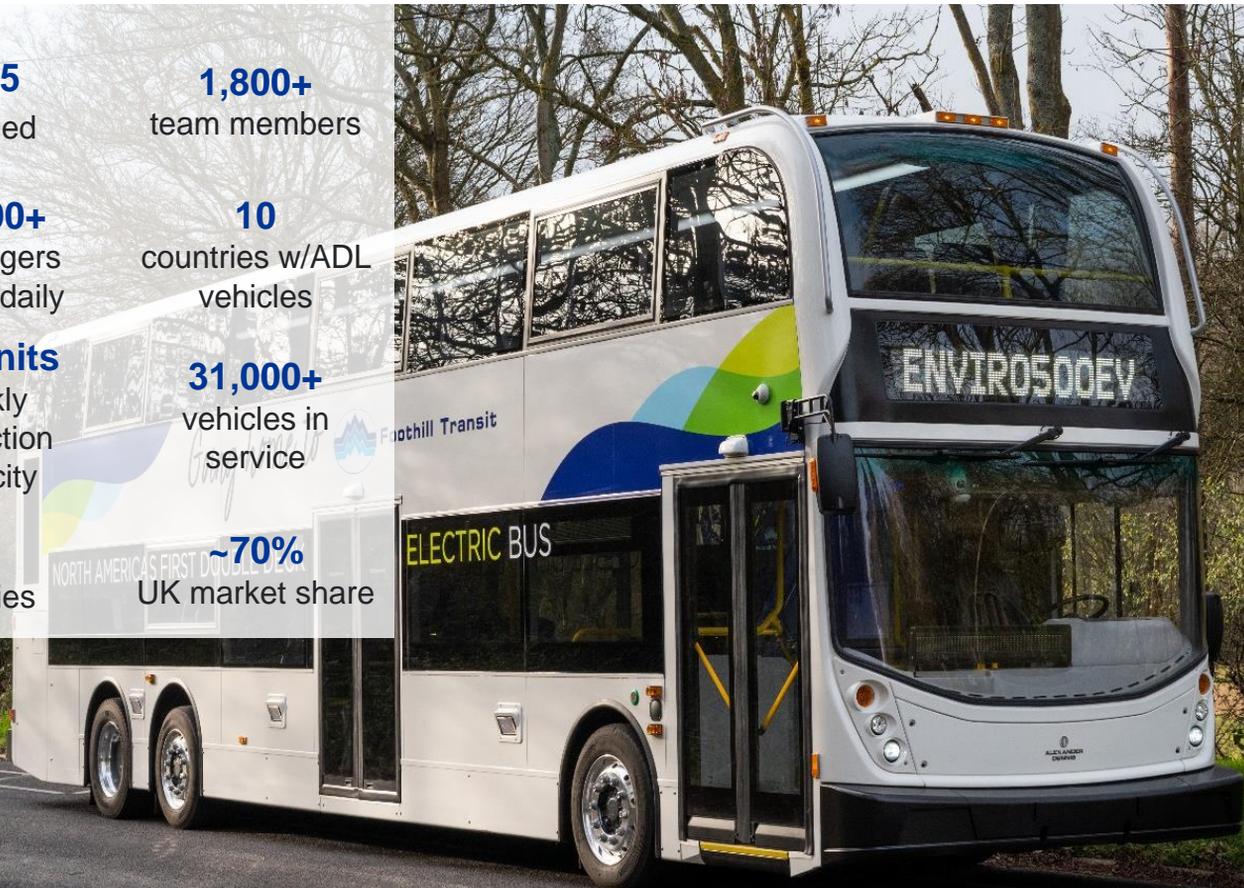
**10**  
countries w/ADL  
vehicles

**~80 units**  
weekly  
production  
capacity

**31,000+**  
vehicles in  
service

**7**  
facilities

**~70%**  
UK market share



**COVID-19  
Impacts**

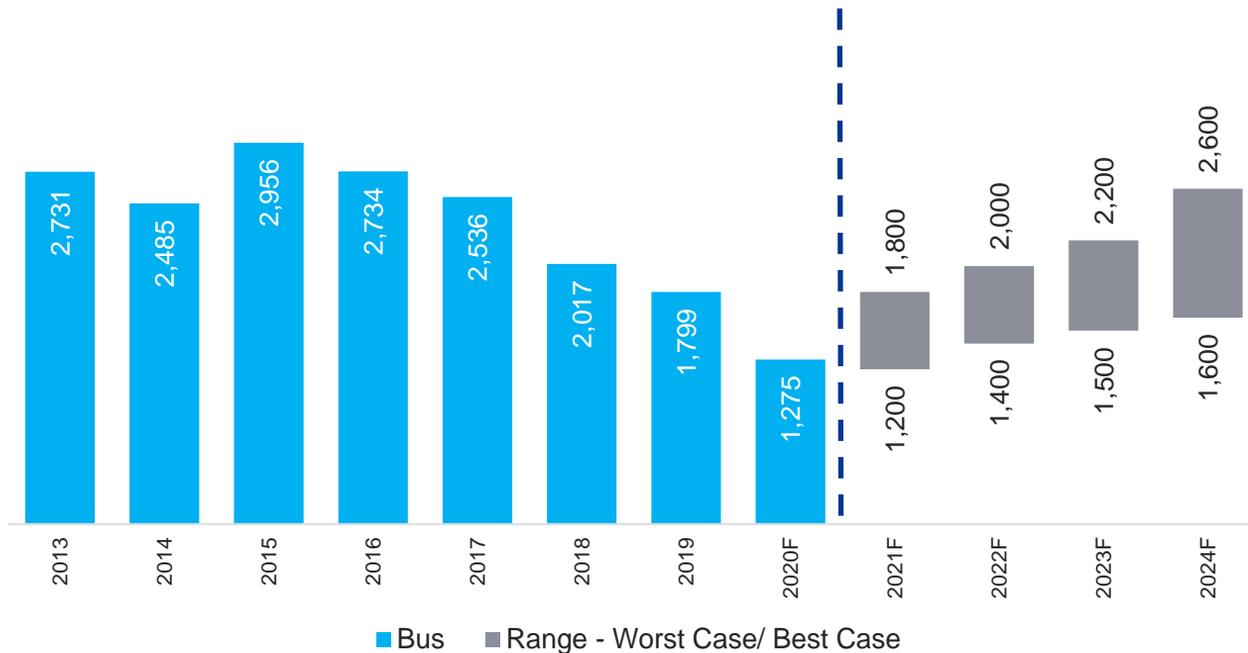
- All areas of business challenged by COVID, particularly in the UK
  - Bus ridership dropped to 20% of pre-COVID levels at lowest point
  - Short-term financial appetite of our customers has decreased
- 

**Opportunities**

- Cut UK cost base by 25%; ~\$35M annualized costs removed
- UK Government furlough scheme utilized to minimize job loss, retain skills, etc; ~\$24M claimed to date
- Resilient Aftermarket business supports 31,000+ vehicles in service
- Accelerated desire from governments to decarbonize buses quickly
- ADL offers the widest range of low- and zero-emission buses
- Previous investment in ZEB capability leaves us well-positioned to capitalize on the Green Recovery in each of our markets

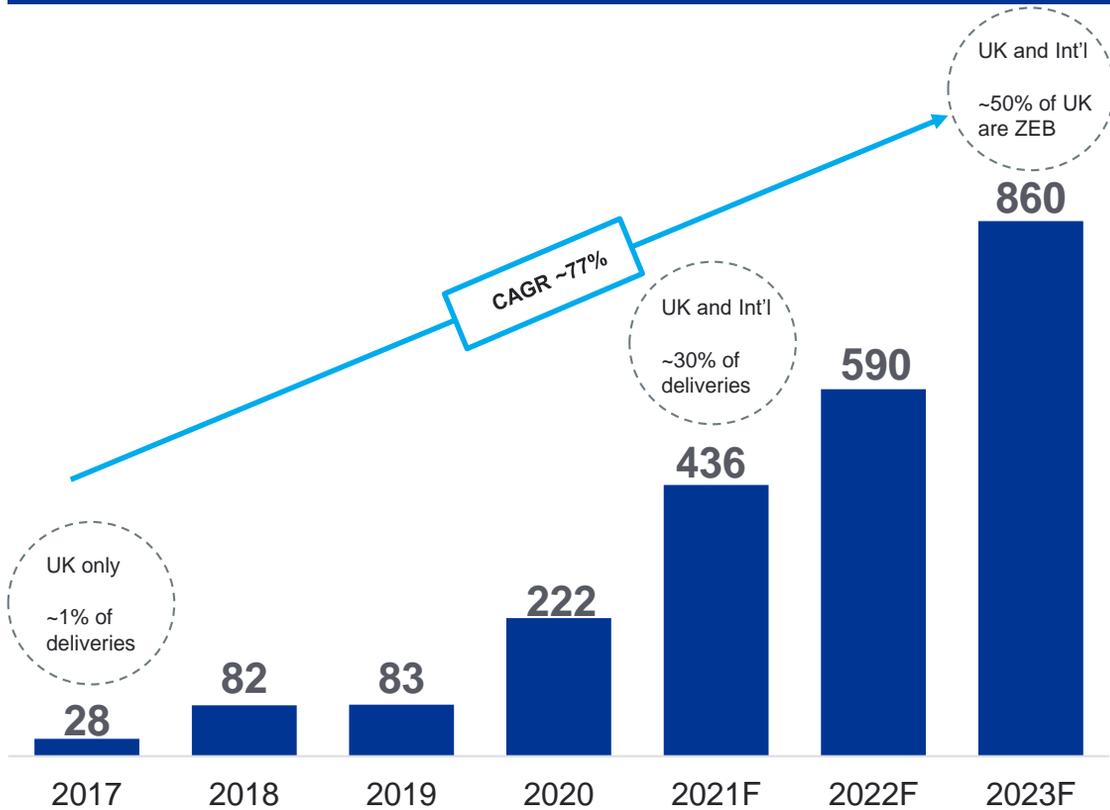
## UK Bus Market<sup>1</sup>

ADL 2019 Market Share: ~72%



<sup>1</sup> New registrations in United Kingdom – ADL research (bus); 2021-2025 based on industry estimates.

## ADL Forecasted ZEB Volumes <sup>1</sup>



<sup>1</sup> Company estimates.

## UK & Europe

## International



UK SD



UK DD



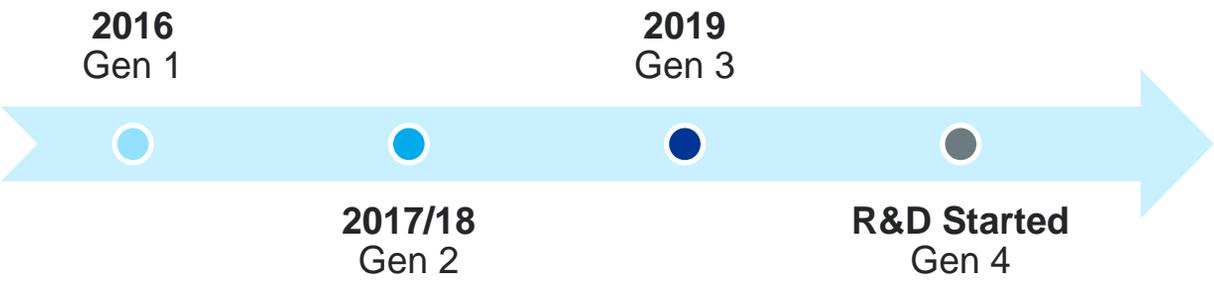
APAC SD



NA DD

2016  
to  
Today

## Evolution of Battery Technology in our Products



## United Kingdom



## New Zealand

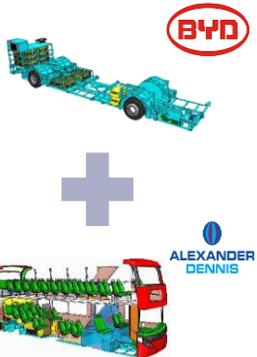


**ALEXANDER DENNIS**  
**BYD**



- Since 2016, ADL and BYD have worked in partnership to develop market-leading ZEB solutions for the UK market
- Highly successful, with over 500 ZEBs already in service or on order
  - Single deck launched in 2017
  - Double deck launched in 2019
  - NZ single deck launched in 2018
- Partnership will build chassis in ADL's UK facilities in H2 2021

## Chassis on Body



## Integrated Chassis



## UK & Europe

## International

2016  
to  
Today



UK SD



UK DD



APAC SD



NA DD

2021+



UK Hydrogen



European DD



APAC DD



*“...£5 billion on buses, cycling and walking, as announced by the Prime Minister in February”*



*“...will bring 4,000 [ZEBs] onto our roads...12% of the local operator bus fleet in England”*



*“...will invest £120M next year...at least 4,000 more British built ZEBs.”*



London: Transport for London Green bus rollout



Scotland: Ultra-low Emission Bus Scheme / £120M Gov support over next five years



*“...committing to operate a zero-emission fleet in First Bus by 2035, and do not plan to purchase any new diesel buses after December 2022”*



*“Ambition that our UK bus fleet will be zero emission from 2030, we will not buy another diesel bus for our UK operations”*



*“Delivering an entirely zero-emissions fleet by 2035 is an ambitious goal, but it’s one that we’re fully committed to.”*



*“...all new single deck buses will be zero emission from 2020. The entire fleet of around 9,000 buses will be zero emission by 2037 at the latest.”*

## **New Zealand Government Commitment**

*“...only zero emissions buses be purchased by 2025 and will target decarbonising the public transport bus fleet by 2035. We will support regional councils with this through a \$50 million fund over four years.” – Jacinda Ardern, Prime Minister of New Zealand*

## **Hong Kong New Energy Transport Fund**

*“...the Budget this year has allocated funds to support various measures to actively promote the use of EVs. They included injecting \$800m into the New Energy Transport Fund to subsidise trials and applications for electric commercial vehicles” – Hong Kong Business*

## **Major Irish hybrid & ZEB tenders**

*“Going electric will reduce the carbon footprint of our public transport fleet, and will help us reach our long-term climate goals. These new electric buses will also help reduce air pollution, improve public health and improve access to public transport” – Customer Website*

## **North America policy changes**

*“Set a goal that all new American-built buses be zero-emissions by 2030, which will create significant demand for the manufacturing of new, clean American-built buses utilizing American-manufactured inputs” – Biden/ Harris Campaign*

- Framework contract for up to 430 Enviro500, signed in October 2018
- Unique design for specific market requirements—prototypes now delivered to customer
- Opportunity to deliver green buses to Berlin and other European markets
- Flagship contract secured; opens door to wider European market



- Growth Market
- Changing Competitive Landscape
- Portfolio of Green Buses

- Ireland is effectively a new international market for ADL
- Framework agreement for the delivery of up to 600 hybrid double decks; order for first 280 placed
- Upcoming EV tender for single and double decks for up to 800 buses
- Growth opportunity in Ireland with a mix of ZEB and hybrid green buses



Growth Market

Changing Competitive Landscape

Portfolio of Green Buses

Be the undisputed leader in the UK, Hong Kong and New Zealand

Capitalize on the Green Recovery

Grow our international business through existing and new markets

Lead the ZEvolution through this transition in cooperation with the rest of NFI Group

Deliver a third of our sales as ZEB by 2022



nfi.parts™ Leading the **ZE**volution.™

nfi.parts™

MCI



NEW FLYER



# BUSINESS HIGHLIGHTS

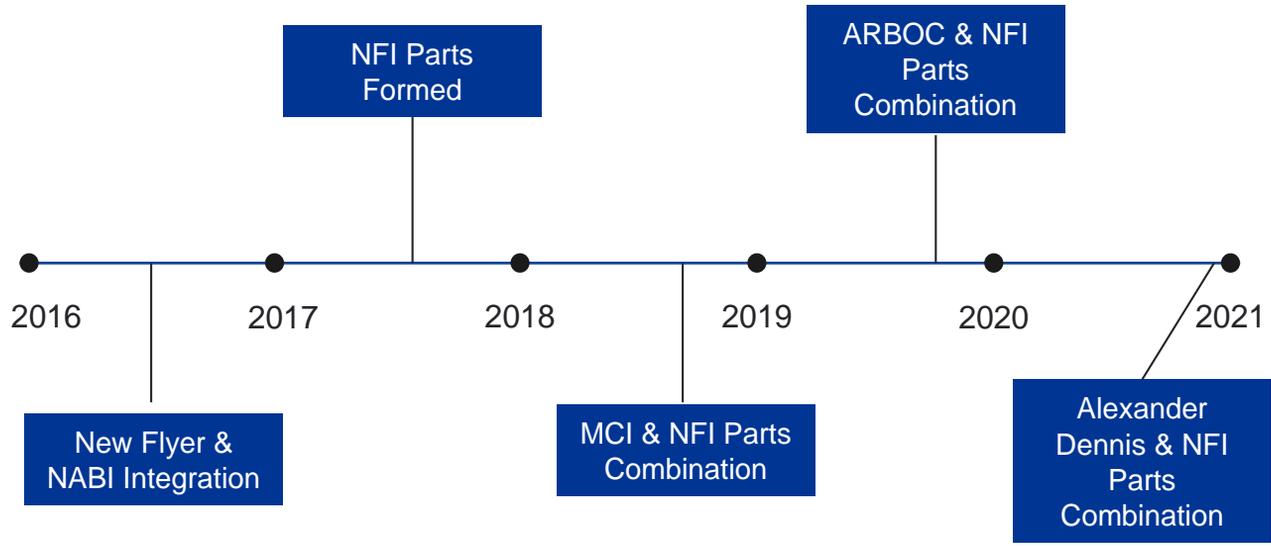
NA's most comprehensive parts organization, providing parts, technical publications, training, and support for its OEM product lines and other manufacturers.



|   |  |
|---|--|
| <b>90+</b><br>years of experience             | <b>~350</b><br>team members  |
| <b>5,000+</b><br>customers served<br>annually | <b>75,000+</b><br>combined fleet<br>support provided               |
| <b>700,000+</b> sq ft<br>warehouse<br>space   | <b>17,000+</b><br>long-term<br>customers                           |
| <b>7</b><br>Parts Distribution<br>Centers     | Industry-leading<br>market share &<br>dedicated<br>eCommerce store |



# PARTS BUSINESS COMBINATION HISTORY



NFI Parts supports all NFI Group OEM brands in North America



## **COVID-19 Impacts**

- Public market operated at ~90% of normal activity
  - Private market operated at ~30% of normal activity
  - Product supply was not an issue; with a few rare exceptions, fill rates were consistent with historical experience
  - Warehouses operated every day during pandemic, supporting customers with same day and next day shipping
- 

## **Opportunities**

- Introduced a new line of COVID-19 related products designed to improve health and safety on vehicles
- Special programs levels increased for drivers' barriers and vehicle refurbishment programs



# PUBLIC MARKET

**470**  
Customers

**95,000**  
Annual Orders

**42,500**  
Vehicles

**75% Pallet**  
Shipments



90% - 100%

80% - 100%

100%+

## 0-6 Months

Customers are utilizing short-term federal funding from 1st COVID relief bill to sustain operations

## 6-12 Months

\$14B in the recently passed relief bill should sustain fleets while ridership returns

Potential for fleet/service reductions and therefore fewer part purchases

## 12+ Months

Business should recover with moderate growth based on continued factors driving public transportation



# PRIVATE MARKET

3,000  
Customers

110,000  
Annual Orders

22,500  
Vehicles

75% Parcel  
Shipments



30% - 40%

## 0-6 Months

Idled vehicles continues to depress vehicle utilization

Vaccine rollout and restoration of in-person gatherings required to improve vehicle utilization

50% - 60%

## 6-12 Months

Vaccines and pent-up demand for events should increase vehicle utilization

Expected continuation of work-from-home initiatives will temper recovery

80% - 100%

## 12+ Months

Business should recover with moderate growth and some industry consolidation due to COVID stress on smaller companies



# PROGRAMS

Vehicle Retrofits

Drivers' Barriers

COVID-19 Programs

Programs typically represent 3-5% of revenue



180%

0-6 Months

Business continues to be much higher than normal as vehicles are retrofitted for COVID-19 products

Some supply constraints on drivers' barriers and other COVID products

130% - 110%

6-12 Months

Some normalization as backlog of products reduces back to normal levels

100%

12+ Months

Return to normal industry levels with sporadic major projects every few years

Potential additional volume to bridge fleets as customers ready for eBuses

# DELIVERY MODELS

Flexible parts delivery models tailored specifically to customer needs:

- Public transit agencies
- Operating companies supporting public entities
- Large private operators
- Medium/small private operators
- Dealer network supporting cutaway fleets

Vendor  
Managed  
Inventory

Parts  
Contracts

Parts Kits

Annual Price  
Lists

Cutaway  
Dealer  
Partners

Daily Quotes

Webstore  
Sales

Refurb.  
Programs

# NFI EVOLUTION TO ZERO-EMISSION



All markets are actively planning long-term transition to zero-emission

A portion of NFI Parts sales are components for internal combustion engines

Batteries, traction motors, etc. are more reliable components than their mechanical counterparts

Support for early ZEBs requires special engineering and parts expertise; OEMs will drive this support, which should drive margins

Exploring service-based revenue opportunities, capitalizing on OEM expertise and new technology

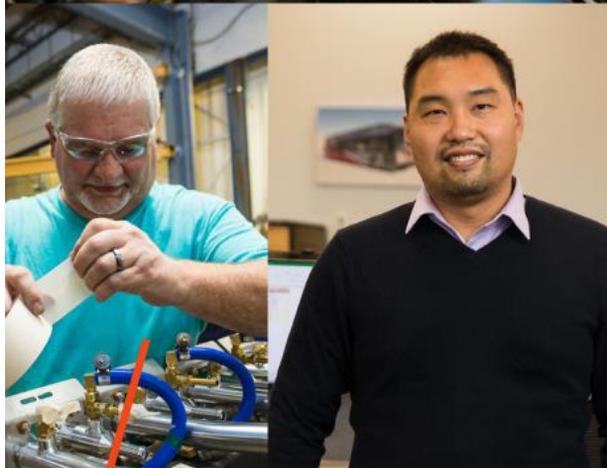
# ADDED SERVICES

Award winning training programs including transition from internal combustion engines to eBus models

Publications including operators, maintenance and parts manuals

Accident services including parts identification, assessment and repair services in the NFI Group network

Technical support for post build technology upgrades, modifications and refurbishment programs



## Supply Partnerships



- Exclusive or favorable parts distribution contracts/agreements
- Main source of North American parts support driven by OEM relationships and critical mass of installed fleets in the marketplace

## Private Branding: OE Approved / Value Parts



- In-house developed alternate or 'value' parts
- NFI Parts has an OE first strategy, but supports value-driven customers with alternate parts as needed

# STRATEGIC PRIORITIES

Expand All Makes strategy and private label offering to compete for value customers

Complete NFI Forward integration and footprint rationalization projects

Transition from pure parts supplier to solutions providers for ZEBs with increased engineering

Explore service model for eBus offerings

Increase cutaway market presence beyond support for ARBOC

Increase Vendor Managed Inventory programs





**PIPASU SONI**  
EVP Finance & CFO  
NFI Group

JANUARY 11, 2021

# Financial Guidance & Outlook

# 2020: A YEAR IN REVIEW

Strong  
Start

- **Strong start to the year, with all indications pointing to a record year in performance and meeting adjusted EBITDA guidance provided (\$320M-\$350M)**

COVID  
Response

- **Idled most facilities for more than two months**
- **Furloughed ~8,200 people. Spent ~\$45M on COVID related expenses.**
- Took advantage of tax deferrals put in place by various governments and utilized CEWS and UK Furlough schemes where applicable
- **Accelerated strategy with NFI Forward Initiative and launched multiple projects**
- Issued revised full year adjusted EBITDA of \$145M-\$155M
- **Permanently reduced staffing levels (~560 direct and ~800 indirect/salary)**
- MCI Goodwill reduction of \$51M reflecting private market impairment and liquidated MCI pre-owned coach pool (requiring ~\$20M write-down)
- **Two credit agreements completed in 2020 (April and December)**

Confirm  
2020  
Guidance

- **Confirming FY 2020 guidance provided at end of Q2 2020 of \$145M-\$155M**

**In face of 2020 COVID related Challenges,  
NFI accelerated pivot to “Operating Company Model”**

# 2020 ACCOMPLISHMENTS: FINANCE & IT

- Moved to **shared services model** (accounting, treasury, payables, etc.)
- **FP&A discipline established** and functioning well
- **Common chart of accounts** established across company
- **Multiple finance system implementations** completed or in-process:
  - Oracle EPM (Enterprise Performance Management)
  - Longview Tax: provision and risk mitigation software solution
  - DataServ: accounts payable management
  - GTreasury: Integrated treasury management system for digital treasury
- Daily **cash reporting**, weekly **cash flow forecasting**, and monthly **business reviews**
- **Prioritized IT roadmap**, focused on **Operating Co** model

**While Navigating Through COVID-19 Challenges,  
Met Functional Objectives in pivot to Operating Co Model**

# DEC 2020 CREDIT AGREEMENT HIGHLIGHTS

## NA Facility

- Led by Bank of Nova Scotia (BNS)
- Joint Bookrunners: BNS, BMO Capital Markets, National Bank Financial
- Revolver Syndicate: Canadian Imperial Bank of Commerce; Bank of America\*; Wells Fargo Bank, N.A.\*; Toronto Dominion Bank; HSBC Bank\*; MUFG Bank Ltd.\*; Export Development Canada and ICICI Bank Canada

## UK Facility

- Administrative Agent: HSBC
- Co-Lenders: HSBC UK and the Bank of America\*

**Expect Liquidity to finish 2020 above \$220M** (sidecar not used and subsequently cancelled)

## Key Covenants

- Total leverage ratio based on conservative downside scenario
- Minimum liquidity of \$50M; net debt-to-capitalization covenant of 70%
- NFI has provided the lenders security on certain assets
- Dividends can remain at current levels (provided financial covenants are not breached)

**Expect 2020 Ending Liquidity (without Sidecar) Greater than \$220M**

## 2021 Focus

- Enhanced focus on both EBITDA generation and cash flow (working capital) improvement
- Continue standardization journey to Operating Co model (NFI Forward)
- Capital allocation priorities: debt reduction and EPS growth
- Continue to evaluate opportunities to de-lever and optimize tax structure

## 2021 Guidance

- Revenue ~\$2.8 to \$2.9B
- Adj EBITDA \$220 to \$240M
- Maintain current Dividend Policy
- Capex of \$50M (including NFI Forward)
- ETR ~31%
- ZEB to be 20 to 25% of bus revenue

**2021 NFI Adj EBITDA Guidance of \$220 to \$240M**  
**(>50% over 2020)**

# 2025 TARGETS

## Revenue

**\$3.9 billion to \$4.1 billion**

*ZEBs expected to make up 35% - 40% of manufacturing revenue*

- Driven by market recovery in NA Bus and Coach and UK transit
- Continued growth of ARBOC in cutaway and medium-duty markets
- ADL's international expansion in Europe and APAC

## Adjusted EBITDA

**\$400M to \$450M**

- Private markets begin to return to pre-COVID levels in 2023
- Significant volume drop-through with cost base reductions generated from NFI Forward initiative
- Viewed as conservative target

## ROIC

**>12%**

- Adj. EBITDA performance combined with realizing upon benefits of investments made in facilities, products, acquisitions
- Potential tax upside may drive higher ROIC

**Recovery and International Growth Combined with Volume Drop Through Drive Performance**

# CAPITAL ALLOCATION PRIORITIES

- 1 DEBT MANAGEMENT & LEVERAGE REDUCTION**
- 2 INVEST IN HIGHEST RETURN PROJECTS:** EPS expansion comes from funding highest ROIC projects
- 3 DIVIDENDS:** Provide dividends to shareholders, as we have since 2005
- 4 ACQUISITIONS:** Continue to acquire companies that provide diversification, channel expansion, technology, and geography advantages
- 5 SHARE REPURCHASE (NCIB):** Depends on stock price to value

**Focused Approach to Drive Value Creation**



**HON. BRIAN V. TOBIN,  
P.C., O.C.**  
Chair of the Board  
NFI Group

JANUARY 11, 2021

# Board Perspective



**STEPHEN KING**  
Group Director, Treasury,  
Corporate Development &  
Investor Relations  
NFI Group

JANUARY 11, 2021

# Conclusion

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 results of operations 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 and the global COVID-19 pandemic). For more detail regarding the assumptions, factors and risks relating to these “forward looking statements”, please refer to the Company's press release relating to its financial guidance dated January 11, 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](http://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.

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](http://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 twelve 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](http://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.



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