



NFI Virtual Investor Day 2021

Full Event Transcript

Monday, January 11, 2021, 8:30-11:30 a.m. EST

Slide Numbers Referenced: <https://www.nfigroup.com/site-content/uploads/2021/01/NFI-IR-Day-2021-Presentation-Slides.pdf>

WELCOME

Stephen King, Group Director, Treasury, Corporate Development & Investor Relations, NFI

Slides 1-3: Good morning. Thank you for joining us for NFI's first ever virtual Investor Day. My name is Stephen King, Group Director, Treasury, Corporate Development, and Investor Relations, speaking to you from Winnipeg, Canada this morning. While we would normally host our Investor Day in person, we are excited to be able to host participants from around the world, joining us virtually for this year's event. I hope that you enjoy the sessions and learn more about our businesses and markets through today's presentations.

A few quick housekeeping items. Today, management will be primarily focused on discussing our business vision, strategy, and future plans. As such, certain information provided today may be forward-looking and based on assumptions and anticipated results that are subject to uncertainties. Should any one or more of these uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. You're advised to review the risk factors found in NFI's press releases and other public filings on SEDAR for more details. We undertake no obligation to revise or update publicly any forward-looking statements except as required by law. We also want to remind you that NFI's financial statements are presented in U.S. dollars, the company's functional currency, and all amounts referred to are in U.S. dollars unless otherwise noted.

Slide 4: The entire event today will be virtual, with presenter slides on screen. A recording of today's event, including the presentations, will be posted on our website after the session. The event will be split into 2 90-minute segments. The first half will include a presentation on NFI's Environmental, Social, Governance, or ESG, program, followed by a general overview of our business and strategy by NFI President and CEO Paul Soubry. We will then hear more about our transformational NFI Forward initiative, and conclude the first half with a panel of transportation and mobility experts to provide context on the transition to electric vehicles, including funding dynamics, infrastructure considerations, and adoption expectations. We'll then have a bio break for a few minutes. We will kick off the second half with a presentation on the evolution to zero-emission buses, what we like to call a **ZEvolution™**, and how NFI is well positioned to lead and benefit from this transition. Following that, NFI's business leaders will provide updates on their individual business units and various end markets. CFO Pipasu Soni will provide



financial guidance for 2021 and our longer term financial outlook. Finally, the Honorable Brian V. Tobin, Chair of the Board of Directors of NFI, will complete our session with closing remarks.

To start things off, I'm proud to share with you our NFI Group video, which shows who we are, what we believe in, and where we're headed. Some of you may have already seen it at last year's Investor Day. This video was developed after an extensive project following the acquisition of ADL in 2019. To define NFI's "why." We wanted to capture what drives us as a company, align our values, and clarify how we strive to ensure balance and benefit to all of our stakeholders. We canvassed our entire global team, customers, suppliers, and community partners, with the outcome being the definition of an aligned mission, vision, and values. At the end of this process, we discovered that NFI's why is simply: To Move People. Our employees are moved to create the industry's best products using innovations and new technologies, our products move millions of people around the world every day, and we are driven to provide benefits to the communities in which we live and work. We strive to continue to move our business forward to deliver long-term, sustainable returns for our shareholders. This is NFI's why, and we hope you like it.

VIDEO: To Move People

How far would you go to truly move people to create something better and go where others won't? For us, good enough is never good enough. We are always pushing forward, always rising above. Because it NFI Group, we move people, millions of them, around the world every day, through advanced technology and mobility solutions. They're all on different journeys and have different destinations, but they all trust us to get there safely. Their lives are in our hands. That's why we won't settle. We choose to lead. We're proud of what we do, what we build, what we deliver. We've been pioneers from the beginning, and we will never stop driving to improve ourselves and our products. The road is hard. It demands the best out of every one of us. And we're not afraid of what lies ahead. We've been leading the way for nearly 100 years. But it's not about how far we've come; it's about how far we're willing to go to move people.

ESG at NFI

Stephen King, Group Director, Treasury, Corporate Development & Investor Relations, NFI

Slide 5: We thought it was best to start our Investor Day with a discussion around ESG at NFI. The principles of ESG are critically important to us, as they guide our operations and drive us to build solutions to create economic, social, and environmental change.

Slide 6: As you just heard from my opening remarks, and from our opening video, at NFI, our products are relied upon to transport people and their families safely reliably and responsibly every day. We never lose sight of that fact. And it's what keeps us focused on the future of business and what's next, not only in vehicle manufacturing parts, but in assessing the impact and influence our operations have on the world around us.

Slide 7: Our organization is grounded in our core operating principles. The principles you see on the screen were developed by our people across the Group, and they are critical to our operations. We share these consistently in each of our business units to ensure everyone is working from the same playbook.



Slide 8: While Janice will touch on many of our internal initiatives, we want to start by focusing on the social and environmental benefits for our products, something we like to call “the power of a bus.” Buses and coaches can dramatically help cities reduce their carbon footprint and contribute to greenhouse gas reductions that are needed now. Buses take millions of cars off the road every year as a single-deck bus can take up to 40 cars off the road, and a double-deck bus can take up to 70 cars off the road. Buses are also fast to market. Compared to some other forms of public transit, buses are cost- and time-efficient. For anyone that lives in a city where a major LRT or subway project is happening, you'll know that the completion of these projects can take years and cost billions, while buses can be rolled out in one to two years, at much lower costs. This is not a knock on the other forms of transit, as, together, LRT subways, buses and commuter rail all form the critical transit mobility ecosystem; it's just a testament to the impact buses can have on a community in a short timeframe.

Slide 9: As I mentioned, buses have a significant impact on emission reduction, and you'll hear a lot about this topic today as we discuss the transition to zero-emission buses. While great strides have been made in lowering buses emissions over the past 15 years, the step to ZEBs will be massive. Each zero-emission bus on the road will eliminate 3.3 million pounds of CO₂ over their 12-year life. That's the equivalent to removing the emissions of 28 cars annually from our streets.

Slide 10: In addition to their environmental benefits, buses are also economic enablers, and spinal cords of major cities. Our products connect communities and provide transportation for people going to work, school, travel, or visiting friends and family. Buses are especially important to members of our community with mobility challenges, as they can often represent their primary method of transportation. As the stats on the screen show, investments in transit create jobs, drive economies, create safer roads, and improve communities. It's the power of buses and coaches that pushes NFI Group to engineer progressive solutions that serve our communities and make our cities healthier and cleaner, while safeguarding precious natural resources. You'll hear much more about these initiatives throughout today's presentations. I'll now pass it over to Janice Harper, who will talk about our internal ESG programs.

Janice Harper, Executive Vice President, People & Culture, NFI

Slide 11: Good morning, everyone. Happy to join you this morning. Integral to our ESG framework is a deeply experienced Board and management team committed to conducting all business activities with the highest standard of fairness, honesty, and integrity. All of this forms part of our robust governance framework, complying with all legal and regulatory requirements with respect to employees, suppliers, competitors, government, and the public. A robust policy, risk, and governance framework is key. We focus on emerging and best practice considerations. And we are especially proud of the diversity within our Board.

Slide 12: With respect to our Board makeup, we have a diverse global Board with 4 Canadians, 4 Americans, 1 from the UK, and 1 from Brazil. 33% of our board is comprised of women. And, next, we're striving for BIPOC diversity as we move forward.



Slide 13: Essential to our solid ESG approach is people diversity and empowerment. Our purposeful driven approach at this stage is focused on fostering a workplace culture that is inclusive, promotes continuous improvement, and embraces efforts to empower team members through employee listening channels such as surveys, 360 degree feedback, roundtables, and the introduction of employee engagement committees to make improvements in our workplaces through responsive actions. We conducted two COVID Pulse Check Surveys this year in place of regular employee surveys to help understand the impacts of our Safe Work protocols, workplace changes related to the pandemic, and to assess the well-being of our team members. Our December [2020] Pulse Check Survey—the results just in, with a 56% response rate from our employees—found that 90% of our employees feel that NFI is a great organization to work for, 75% of our employees rated their well-being as Good or Very Good through this time. That's very encouraging for us going through a very challenging year. NFI also measures our diversity to ensure representation is tracking in a positive direction, or adjusting focus were required, and we're implementing actions more to be more effective, and to inclusively manage a diverse workforce. Some of this work this year include strong partnerships with COMTO (Conference of Minority Transportation Officials) and Latinos In Transit. We were involved this year in the launch of COMTO's newest chapter in Canada, with more than 50 supporting members now; we're really proud of that. The events of this year have also illuminated the urgency for all of us to do more. At NFI Group, we will heed this call by advancing workplace inclusion through developing a culture of belonging, promoting and requiring inclusive leadership, challenging bias, nurturing diverse talent, and committing to building upon our practices to progress to a diverse future.

Slide 14: Safety is something you've heard a lot about from our team over the years, and safety is foundational to everything we do. Our focus on Occupational Health and Safety has resulted in strong and continuous improvements over the past decade. We will continue to invest in our operations, our people, and our processes to drive and sustain improvements in safety in our operations. We have dedicated commitment to safety and health improvements; that is essential to the creation of a safe and healthy working environment for our people and our operations. Our New Flyer facilities are ISO 45001-certified, and we are looking to expand these best practice approaches across other businesses and other facilities within the NFI family. We track quantitative metrics for both safety and environment. We monitor them over time, and we set clear targets for those metrics. And we will define our plan for how to achieve them to enhance our disclosure to you.

Slide 15: COVID. Well, no doubt about it, that COVID pandemic has changed everything in so many of our lives, and it is no remains a challenge for us all. We continue to undertake exhaustive measures to keep our facilities and our people safe. This information is publicly available on our website under Safe Return to Work protocol. Our absolute focus remains on the health, safety and well-being of our team, which is why we have undertaken considerable efforts to keep them safe this year. We are navigating through this pandemic with great sensitivity and caution, ensuring adherence and exceedance (in many cases to all government and health authority mandates). We understand that, as a large employer, thousands of people count on us for their livelihood. And, while absenteeism as a result of mandated COVID self-isolation, monitoring, and quarantine continue to impact our operations, we are working hard to minimize the disruption for our people each and every day.



Slide 16: In March 2020, we proudly launched a Community Benefits Framework as a holistic and national approach to workforce and community well-being. NFI Group embeds itself firmly in the communities where we do business and where we work, more closely with communities and industry groups on projects, and the development of programs that support skill and career development for women and groups that are underrepresented in the workplace, such as women, Indigenous and First Nation groups, visible minorities, newcomers, persons with differing physical and intellectual abilities, the LGBTQ community, and youth. This slide shares some of the important aspects of our framework, and this framework serves as the umbrella initiative under which local community commitments are developed, described, and monitored to ensure benefits in the communities in which we work and operate. Local programs are comprised of a series of commitments, initiatives, and partnerships that are shaped and tailored to a specific community or to a facility with their input and their participation. These programs can contain many details, but include pathways of career development that can benefit the community and provide an avenue to sustainable development. These programs make us continually strive to do better as an organization and reach or surpass the targets that we've established.

Slide 17: So, a little bit about our environmental footprint obviously critical to our ESG journey. While our products have a massive benefit to the environment, we also strive to do our part in how we operate our business. NFI is committed to protecting human and environmental health within our facilities to understand the impact of our operations, our supply chain, and use of our products and services on the consumption of natural resources of energy, water, and the generation of waste. Prevention of pollution is a top priority, including waste prevention at source, characterization and elimination of wasteful practices, and recycling. Responsible, efficient, and sustainable use of natural resources, such as energy, water and wood products, is critical to our efforts.

Slide 18: Our environmental disclosure journey started, as many of you know, in 2018, with our first ESG report, and now we continue this journey through participation in CDP. And we'll be reporting CDP in summer of 2022. A little bit more about our ESG journey: we issued our inaugural ESG report in May 2019, to tell the story of our operations, our people, our communities, and our stakeholders. As we got started, we focused on implementing reporting practices that disclosed our approach and efforts to manage climate supply and our workforce to help us illuminate the company's impact on a broad range of stakeholders with attention to the environment and society. We issued our second ESG report in May [2020], and it continues to build upon our disclosure regarding oversight of our workforce, our environmental footprint, and our business governance practices to ensure all readers develop a thorough understanding of our values and priorities. Our ESG disclosure objectives involve assessing ourselves to establish frameworks, such as CDP, and pairing with quantitative metrics that the company investors can monitor over time. We believe these efforts are critical to helping us meet and advance the societal focus on sustainability, to empower our people, and to protect the environment and preserve natural resources while operating a business that we can all be proud of.

Slide 19: So, where do we go next? Well, we have a busy year ahead of us. Our actions will focus on participating in CDP disclosure as I mentioned, and reporting commencing in July of 2021 to report information on a broader range of environmental areas, to drive environmental disclosure that will help deliver sustainable returns, manage environmental risk effectively, identify cost savings opportunities,



and reduce reputational risks. We are evaluating UN Frameworks, such as the Universal Declaration of Human Rights, to ensure minimum standards that are upheld through our business and as a benchmark to ensure appropriate measures and safeguards are implemented. We are ensuring successful implementation of our Anniston Workforce Development Plan, in association with our Community Benefit Framework, and, alongside that, we are developing the next workforce development projects. We are also working with an external partner to develop a diversity and inclusion framework to help us move forward from our current progressing state to a more advanced state. This work will further transform our organization with the identification and removal of existing structural and behavioral barriers to improved representation and belonging, particularly in gender-balanced and BIPOC representation in our employee base and our leadership pipelines. We will, as you will be hearing, roll out our new zero-emission products that will benefit our customers and their customers. And we will steadfastly maintain our focus on safety systems and accountability that not only sustain our existing performance but will improve upon it.

CEO Commentary

Paul Soubry, President & Chief Executive Officer, NFI

Slide 20: Thanks, Janice and Stephen. Good morning, everyone. My name is Paul Soubry, and I'm the President and Chief Executive Officer of NFI, and, as much as I'd like to, 2020 is a year that none of us will ever forget. As the pandemic took hold in our geographies in mid- to late-March, few of us could ever imagine the dramatic impact it would have on our world. Coronavirus was especially disruptive to our customers. While transit operators continued to deliver an essential service used significantly by frontline health care workers, they did so with varying their route structures and frequency, and a heightened focus on sanitation and social distancing, and dramatically reduced farebox revenue. Private motorcoach operators essentially saw their businesses grind to a screeching halt, with travel restrictions and shelter-in-place mandates ceasing nearly all leisure or discretionary travel. As Janice discussed, we faced the pandemic in our facilities with the utmost seriousness, and diligently focused on doing everything we could to ensure the health and safety of our team members, our customers, and our supplier partners. Globally, we successfully navigated through over 600 positive test results of our team members, compounded by stay-in-place orders and isolation mandates with unimaginable levels of absenteeism. I was, however, incredibly proud of the way our team responded to the challenges of COVID-19, and their unrelenting focus to ensure we supported our customers through the pandemic, including supporting vehicle inspections, revising our delivery schedules, spare parts support and maintenance assistance, and providing an enhanced offering of Clean and Protect safety products. You'll hear more about the impact of COVID-19 had on our markets during the business updates later in today's presentation, and you'll also hear about the opportunities that we see coming out of the pandemic.

While Q2 2020 was a massive challenge, the second half of 2020 showed signs of recovery. And with our deliveries in Q4 2020 now behind us, we are able to reaffirm our 2020 adjusted EBITDA guidance of \$145 to \$150 million EBITDA. Pipasu Soni, our EVP Finance and Chief Financial Officer, will provide more details in our 2021 guidance and our outlook later this morning.

When the pandemic first started, we had limited information to assess how long or how deep the pandemic would be, and what the impact specifically would be on our business. We moved quickly in



April [2020] with our credit syndicate partners to obtain covenant relief. As we progressed through 2020 and developed our 2021 and longer operating plans, we begin to anticipate the strong cash flow improvements to provide us with the liquidity to fund operations and dividends, and to pay down our debt. But we also realized very quickly, with lower trailing results, we would likely have covenant calculation challenges early in 2021. So, again, we worked with our banking partners to develop another amendment to our credit facilities that would provide relief in 2021, and more flexible covenants through 2022. The end result is that we feel very well positioned to work through the market recoveries and the execution of our cost reductions across our business.

Slide 21: While it was important to start today's discussion with some color on the impact of COVID pandemic, I think it's important to provide some context on NFI's history and where we're headed next. I've been lucky enough to be the President & CEO of NFI since joining the company in 2009, and, during that time, we've been on an amazing journey, executing first on a strategy of product growth, diversification, vertical integration, and geographic expansion. From 2010 to 2014, we implemented OPEX, or lean operational methodologies, across New Flyer, and we proceeded to consolidate the North American transit industry through the acquisitions of NABI, and the Orion Parts business. Plus, we enhanced our vertical integration through the addition of part fabrication capability, and the acquisition of one of our suppliers, namely TCB. The second chapter, from 2015 to 2019, we focused on diversifying our product portfolio through the acquisition of North America's largest motorcoach OEM (MCI), the leader in low floor cutaway shuttle buses (ARBOC), and our main fiberglass parts providers. In 2018, we also opened KMG, a part manufacturing facility, to adapt to the increased FTA Buy America content requirements, a significant step in our ongoing parts fabrication strategy, to eventually manufacture parts for all of our products. 2019 saw us expand for the first time outside North America, with the acquisition of Alexander Dennis, providing us with leadership positions in the UK, Hong Kong, and New Zealand markets, and customers in Europe, Singapore, and Malaysia. Since 2012, we've invested \$1.1 billion USD in acquisitions, \$230 million USD in capital expenditures, and we've returned more than \$370 million CAD to shareholders through dividends and share buybacks.

Earlier this morning, Stephen mentioned the framework that guides our vision, our mission, and our values. We have a number of elements of the strategic framework that are non-negotiable. We want a diverse and inclusive culture and to be an excellent or great place to work. We want employees to learn, develop and grow identify, but we also need them to never lose sight of the fact that our customers and their customers rely on our products to transport people safely, every day. We're committed to lean manufacturing and operational excellence, and, for anyone that's ever been to our facilities, you've seen this commitment firsthand. While we've made great progress in driving operational excellence across our company, it's a never-ending journey, and we will continue to focus on the continuous improvement and leveraging our shared best practices across all of our facilities. We've continued to invest in world-class IT systems, and we differentiate our business through a laser focus on customer service.

It's important to note that a critical component of our strategy, and what provides us with competitive advantages, is that we're not just a bus manufacturer: we're a solutions provider, with the largest vehicle production capacity in North America in the UK, and the broadest propulsion offering. We also have the largest bus and coach aftermarket parts distribution network, plus an unmatched service and warranty



offering that ensures our customers can rely on NFI to support them no matter where they're located. And as we look to the evolution of zero-emission buses, we found that a big hurdle was the evaluation and installation of charging infrastructure. In order to help our customers navigate through this world, we launched our own infrastructure solutions business [New Flyer Infrastructure Solutions™], which has been an incredible success. With an increased focus on EV performance, we've also seen increased uses of telematics for bus monitoring, real time over-the-wire, or over-the-air, software updates, and vehicle diagnostics. This is a space that we know well. We've been introducing technology in our vehicles for years, and now using the collected data not only to track performance, but also to help our customers with their route planning and their vehicle optimization.

A fundamental differentiator of NFI has been that we are the market innovators. There seems to be misconceptions in the market on this point. Some see us as a legacy vehicle manufacturer that doesn't have the ability to change or innovate, that will be disrupted by the change to EVs or promises by startups. Nothing could be further from the truth. NFI's history is painted with innovation. In fact, we've been consistently disrupting ourselves and our markets for decades. We were the first to develop low floor buses in North America; the first for programmable logic controller and first for articulated or bendy buses; the first to offer compressed natural gas or diesel hybrids; the first with low floor cutaway buses; the first with double deck low profile buses, and so forth. Innovation and disruption is what we do.

This focus on innovation is especially critical now. As you no doubt have seen in the news, people are talking about a zero-emission electric vehicle revolution. We see this is not a revolution, but more an evolution, or, as we like to call it, a zero-emission **ZE**volution™. It's not a matter of if, it's a matter of when, and it will take time to transition to zero-emission buses. But we're excited about this evolution, as it's one we've been preparing for for decades. We built our first electric trolleys for San Francisco in 1969. We built our first hydrogen fuel cell buses in the mid-2000s, and we put a fleet of them in service for a very high-profile contract in 2010, for the Vancouver Olympics. We've seen that the change to electric vehicles is coming, and we've been building capacity and capability to support that transition over the past 10 years. We've already made significant investments in our facilities, our engineering, our expertise, our supply chain, and now we have North America's largest zero-emission bus and coach production capacity. We also have more ZEBs in service in North America and in the UK than any other provider, and we offer the industry's best and broadest product.

Later this morning, I'll explain perspectives on our future and our visions of the future of mobility, and the factors that will drive and challenge the adoption of zero-emission buses; or, quite simply, how and why NFI is going to lead the **ZE**volution™. I hope our session today leaves you with a much greater understanding of our electric vehicle strategy, the work we've done to prepare for the long-term transition, and a strong potential growth we see from the electrification of bus and motorcoach fleets.

Slide 22: At our last Investor Day [2019], we discussed our strategic imperatives and our group priorities. Those haven't changed: Growth, Cost Optimization, Innovation & Adoption of New Technology, and Customer & Employee Satisfaction. While COVID has definitely disrupted our plans for 2020 and impacted our results, our core focus has remained on those same areas. With respect to growth, we've no doubt that the bus and motorcoach markets will recover. They're the spinal cord of every city around



the world. And, as Stephen just outlined, they're also economic enablers. The government response to the pandemic may accelerate trends to zero-emission buses, and it could also stimulate additional short-term vehicle demand.

We've seen numerous positives of late as it relates to government support. In the U.S., there was a busy end of 2020 with the announcements of additional COVID financial relief aimed at supporting public transit agencies, and, for the first time, we just saw announcements to support motorcoach operators. While much of this will fund operations that will benefit our parts business, some of these appropriations will help and will be used for vehicle purchases. In addition to the relief funds, the U.S. government also approved a \$1.2 billion capital program funding for 2021 bus appropriations. This is a critical component of the funding, as many U.S. transit agencies rely on those appropriations to fund 80% of the capital cost of their bus purchases. We're also excited to see where broader long-term funding initiatives in the U.S. go with the new Biden-Harris administration, and the steps they're going to take to evaluate the proposed \$494 billion Invest in America Act, which includes a 5x increase in funding for zero-emission buses from the previous FAST Act, and additional funds for charging infrastructure upgrades, and general bus procurements. As the UK government now moves past the successful and long and drawn out Brexit, we expect continued momentum in their recent bus infrastructure announcements by rolling out more details on their long-term £5+ billion National Bus Strategy, which included the procurement of up to 4,000 zero-emission buses. In Canada late last year, the government asked for \$1.5 billion in financing to support the purchase of ZEBs through the Canadian Infrastructure Bank; we are looking forward to seeing that program finally be rolled up.

As I previously outlined, NFI has grown organically and through acquisition. The majority of the acquired companies we operated as standalone businesses under the NFI Group umbrella. While there are benefits to that strategy, as we look to the future, we see significant cost saving and optimization benefits from having a more integrated business. As part of our original 2020 plan, pre-COVID-19, we identified numerous projects that could achieve our goals of driving standardization, integration, and collective approaches across the Group. To realize on those goals, we launched the NFI Forward initiative in August [2020]. NFI Forward is a group of projects and initiatives to transform our company from a holding company into a far more integrated business. Once complete, NFI Forward will lower annual overhead and S&GA by about 8% to 10% from 2019 levels. The results to-date have been very impressive.

Slide 23: Before we advance to the rest of today's sessions, let me quickly recap the key components of why we believe NFI is a strong investment today, and for the long term:

- We're the number one player in North America transit with New Flyer, with a 41% market share and vehicles in the top 25 cities. We also have a 46% market share in the North American motorcoach market with MCI.
- Through Alexander Dennis, we're the world's leading supplier of double deck buses, and we have 72% market share in the UK transit.
- We have over 105,000 vehicles in service every day, built by creating long-term and proven relationships with all our major customers in our primary markets, and it represents a long-term replacement opportunity.



- We know how to produce highly customized vehicles in the manufacturing setting. This isn't an easy process to replicate, and it's taken us years to perfect. It's an area of competitive advantage, and one of the reasons we've been able to deliver for so many of our customers.
- While we've placed significant focus on zero-emission electric vehicles, we are propulsion agnostic, and we're the only manufacturer with the ability to produce clean diesel, compressed natural gas, diesel-electric hybrid, battery-electric, hydrogen fuel cell electric, and electric trolleys, all on proven and common production lines and platforms.
- We're the leading manufacturer of zero-emission buses in North America and the UK.
 - We offer the broadest offering of zero-emission vehicles including battery electric, hydrogen fuel, cell electric and electric trolleys.
 - We already have electric vehicles in 15 of the top 25 cities in North America, and a 70% share of UK's electric vehicle market.
 - We have a growing presence in EV in New Zealand, Hong Kong, and Europe.
- We have the ability today to produce between 7,000 and 8,000 vehicles per year of any propulsion type in our facilities; to prove that, we produced 5,600 vehicles in 2019.
- In addition to expertise in manufacturing, we have a nearly \$400 million dollar aftermarket parts business that provides a recurring revenue stream and support services for all of the largest transit agencies and operators in North America and the UK.

At NFI, we don't speak about hypotheticals or what ifs or unfounded promises of growth or share or margin. We're the leaders, and we deliver upon our commitments. We've been innovating for decades, and we're excited about our position and what comes next. We look forward today to provide you with more insights and details on the projects, the initiatives, and the product launches that will propel NFI's growth and profitability over the long term. As I've always said, we are proud of our history, but, even more now, we're excited about our future.

I'm pleased to turn the mic over to Ian Smart to walk you through our NFI Forward optimization initiative, a dedicated team of senior leaders and subject matter experts led by Ian, who was the previous President of MCI and the EVP of New Flyer Parts, now our EVP Business Transformation. With that team, they will implement and execute NFI Forward over the next 24 months. Earlier in his career, Ian managed the business transformation team as part of the significant and successful privatization of a major U.S. Air Logistics Center. Therefore, he is perfectly suited to lead this effort. Over to you, Ian.

Update on NFI Forward

Ian Smart, Executive Vice President, Business Transformation, NFI

Slide 24: Thanks for the introduction, Paul. I'm excited to be the leader of the NFI Forward initiative. You'll recall that we introduced this back in the August [2020] timeframe as part of our [news] release then.

Slide 25: The commitments we made at that time were to save about \$65 million, or generate \$65 million, of additional EBITDA by the 2023 timeframe, and to generate about \$10 million of annual cash flow. Across the organization, we've developed and are executing on a number of different initiatives to do this. I'm going to talk a little bit about each of those initiatives and give you some background.



Slide 26: The first initiative that we're pursuing is to centralize and standardize the way we do things across the business. Today in our business, we have a number of functional activities (finance, HR legal) where each business unit operates using their own processes and their own staff to accomplish these activities. We're moving forward into an environment where those activities and those services will be provided from central organizations using common processes, common data sets, and common software. We're well on our way with this. Our finance function has done a great job of centralizing a number of these functions; our HR is moving to a shared services organization; and there are a number of other activities that we're in the process of pursuing.

Slide 27: The second opportunity is the combination of the New Flyer and MCI businesses, as well as two of the fabrication businesses that we operate today. Historically, each one of these businesses operated with their own leadership team, their own processes, their own software, and managed themselves individually. Going forward, we're combining these four businesses into a single organization with a single executive team providing oversight over them, common functionality, and common processes across the individual business. We're well on our way with this initiative, as well: the management teams have been combined, a number of synergies have been harvested out of the business, and, going forward, we're well down the path to harmonizing individual processes and the software that the businesses operate using.

Slide 28: The next opportunity is the combination of NFI Parts and the ADI Parts organization in North America. Historically, NFI Parts and ADI Parts have operated separately in North America: different warehouses, different systems, different sales forces. Today, we're in the process of bringing those together into a single organization, taking our organization from 22 parts stocking locations, to well below that, and rationalizing the overhead and the SG&A to support it. Our progress to date: we've rationalized down from 22 to 13 sites, and we have line-of-sight on a number of other opportunities. The organizations, as of the end of 2020, are operating on a single system. So, if you want to buy parts for any one of these logos that you see on our screen, you call the NFI Parts organization.

Slide 29: The next opportunity is to rationalize the manufacturing footprint at ADL. In that environment, Falkirk and Scarborough have manufactured both chassis for vehicles, as well as the finished vehicles, and the Guilford site has historically manufactured only chassis. As a consequence of the COVID downturn, we've taken the opportunity to stop manufacturing chassis in the Guilford site and absorb that workload into Falkirk and Scarborough. Going forward, when volumes come back [post-COVID], we will adjust our capacity to support those volumes.

Slide 30: In the North American Opportunity, we see a number of different manufacturing sites that have historically been aligned by individual business unit. We're now taking the opportunity to look at each one of those sites across the different business boundaries to see if there is an opportunity for efficiency improvement, footprint reduction, or efficiencies across different types of manufacturing. We're in the process of executing on two opportunities right now: one where we're bringing two fiberglass manufacturing facilities together, and a second where we're insourcing more materials into our KMG site



in Louisville. We have two other projects that are in the final approval process that we expect to begin to execute on in the early part of 2021.

Slide 31: And then, finally, in the sourcing savings, we have a huge opportunity to source across the business looking across the individual products and businesses. In 2019, we spent almost \$2 billion on the cost of goods sold that go into manufacturing those vehicles. In 2020, because of the COVID impact, that number dropped to about \$1.5 billion. When you look at our business, about 70% of the cost of our vehicles is the material that we put into them. Historically, each business has sourced individually, and designed the vehicles individually. Going forward, we have a sourcing team that looks across all the different businesses. That team is equipped with engineering teams to look at the different designs, look at the different parts that are required on all the different vehicles, and optimize that across the business.

We also have an opportunity in that the EV volume is growing. In 2019, about 5% of our production volume was electric vehicles; in a 2020 COVID-impacted environment, that number grew to almost 9% and, by 2023 we think that number will be somewhere between 25% and 30% of our volume. The opportunity today to optimize those electric vehicles to find the right suppliers to pay the right price for the components in those vehicles is very significant for us. Our teams are very focused, in particular, on making sure we have the right parts and vendors to support our EVs going forward.

Slide 32: And then, finally, to summarize the entire opportunity: back to the August [2020] timeframe, we committed to a \$65 million opportunity; that \$65 million breaks down to \$20 million dollars of direct manufacturing costs, \$25 million worth of manufacturing overhead, and \$25 million worth of SG&A, as well as \$10 million worth of cash flow. You can see in 2020 through Q3, we recognized \$13.5 million, and we're on target to deliver \$18 million worth of savings through 2020. And in each of 2021, 2022, and 2023, those numbers will grow until finally we deliver the \$65 million that we committed to back when we announced NFI Forward. I'm really pleased and excited about the progress we've made on NFI Forward. Again, we're on the journey to move from a holding company to an operating company, and, as things stand, we've got clear line of sight on delivering to those targets. Thanks. Back to you, Stephen [King].

Stephen King, Group Director, Treasury, Corporate Development & Investor Relations, NFI

Thanks, Ian [Smart], for that detailed update. We're now at a very exciting part of our event where we will hear from industry experts in mobility and transportation. The panel will discuss several topics, including the impact of COVID-19; the current funding dynamics in Canada, the UK and the US; their views on the transition to zero-emission vehicles; and the impacts of technology adoption within mobility. This panel was recorded virtually late last week, and we have chosen to air a shortened version as part of our Investor Day today. Following today's event, a full uncut version of the panel discussion will be available on our website. I encourage everyone to watch this full version, as it is an excellent discussion that touches on many of the issues that investors often ask us about.

Slide 33: Our moderator for this event will be New Flyer's Vice President, Sales & Marketing, Jennifer McNeill. Jennifer is a catalyst for the development of NFI's zero-emission vehicle programs and a dedicated contributor to transit through a variety of board roles in Canada and the United States. Over to you, Jennifer [McNeill].



Panel with Public Transit Mobility Experts and Customers

Moderator: Jennifer McNeill, Vice President, Sales & Marketing, New Flyer & MCI

Slide 34: Good morning. My name is Jennifer McNeill. I'm the Vice President of Sales and Marketing for New Flyer and MCI's public sector markets. Today, it is my privilege to welcome our panel of industry leaders and innovators who have graciously offered to share their perspectives on the public transit industry and NFI's main markets: the United States, Canada, and the United Kingdom. I'm honored to be joined by **Mr. Paul Skoutelas, the President and CEO of the American Public Transportation Association (APTA); Dr. Josipa Petrunic, the President and CEO of the Canadian Urban Transit Research and Innovation Consortium (CUTRIC); Mr. David Brown, Group Chief Executive of the Go Ahead Group plc, joining us from the UK, and Mr. Danny Illoiu, Zero Emissions Fleet Strategic Planning Manager for King County Metro and Seattle, North America's 4th largest transit system.** Welcome panelists, and thank you so much for joining us today.

First of all, let me wish you all happy new year. I have to say, 2020 was quite a year, especially for those of us whose purpose in life it is to move people. When COVID hit and cities locked down, inter-city travel and tourism came to a halt. But, as an essential service, public transit has endured, providing transportation to essential workers, health care professionals, and citizens who need it most. And, at the same time, the industry was navigating the early days of planning and deploying zero-emission technologies into their bus and coach fleets.

Moderator: David, the UK public transit model is a very different model than North America, with private companies operating public routes, and a more focused reliance on the fare box. Can you share with us your experience over the past year and your view on ridership recovery in 2021? And beyond?

David Brown: It's a very similar picture. To be clear, we run in the UK a combination of regulated and deregulated services, so, in London, they are regulated by Transport for London (I used to run all the buses in London, for instance), and, outside of London, they're deregulated, so you set up a bus route and you take the risk in terms of the fare box, basically. But, in the end, it doesn't really matter; whether you're public sector or private sector, you have to have customers, and you need that customer income in order to survive, whether you're trying to run buses publicly, and Transport for London, or myself commercially outside of London at this moment in time. So, we're all dependent on customers. What we've seen is in the UK, we're now in a third lockdown, and the fluctuating numbers of passengers reflect what's been going on in terms of government messaging, what's happening on lockdowns, what's happened about the local environment, and we've also had regional variations depending upon how strong the virus has been in those different areas. So, we went down in March [2020] to about 25%, this is on buses, and, as Paul said, we had a similar experience on trains, except it went down 90% on the trains. And then, it's fluctuated as the lockdowns have changed, and government messages have changed. So, we did get up to, in early autumn, 60 to 70%, and we started to feel more confident at that point. There is a relationship with the amount of service provision we're putting out. The service provision we're putting out is enough to take all the key workers, so we're key workers taking key workers, and enough to do social distancing because we wanted people to feel comfortable and confident that traveling



by buses. We've been reliant upon government funding; in the end, the government has stepped up and actually contributed to both public sector and private sector and provided key services. We're really pleased that we've been deemed a key service. Everybody's stepped up, whether it's been the trade unions, whether it's been our drivers, whether it's been the local authority people, whether it's been people providing money—people really have stepped up and played a brilliant role in making transport work. So, the question is, you know, what happens next; how quickly and how many are going to get back on traveling on buses. Now, I think there's there is going to be a difference between buses and trains. On the bus side, people are dependent upon buses, key workers are dependent, but demographics are different. And so, I'm confident that we will get that ridership back; it won't be 100% during 2021, but we will get that ridership back. But it is so dependent upon government messaging. If we can't get government messaging right, to tell people it is safe now to travel by public transport, then it's a much harder uphill battle. So, we need this combination of more service provision, plus government messaging, and we will do the rest, is my sort of view at the moment. The positive side of all of this is that, you know, car traffic has gone back to its previous level, if not worse, and the messaging we're trying to say is that you cannot have a car based recovery. Car based recovery will just bring all the problems that we've had before. And what we're hoping is the government will stick to its promises of saying we want to invest in buses, we want to address air quality issues, and we recognize the benefits that public transport brings for air quality and for health and well-being, because people get exercise by traveling by public transport. We're hoping that the wider government messaging will come back, plus government messaging about being safe to travel, and we're ready and waiting to take people and get that ridership back.

Moderator: Looking forward, I think it's safe to say that future policy decisions, and mobility investments, also need to have this longer view to help the communities navigate not just through public health, but also social, environmental and financial shocks. I'd like to turn my next question over to Dr. Josipa Petronic, President and CEO of CUTRIC. Josipa, the Trudeau administration recently announced the plan, “A Healthy Environment and A Healthy Economy,” which includes additional investment in zero-emission public transit. Can you share your perspective on how this plan aligns with CUTRIC’s 5-point plan to build back better public transit, and what additional actions are needed to accelerate zero-emission bus adoption across Canada?

Dr. Josipa Petronic: Yes, absolutely. That's a loaded question, but there's a lot of answers there, and I'm sure that David, Paul and Danny have a lot to add to that query, as well. In general, the federal government in Canada has most certainly given the right signals to transit agencies in the last 12 months during the pandemic, handing over a lot of money to municipalities so transit agencies could continue thinking about zero emissions, transit, new technologies like automated and smart vehicles, without having to worry about how they're going to pay for their systems and their regular operations. That's not to say there's not a concern, but there has been a lot of money and a lot of signaling from the Canadian federal government that general operations will stay stable. And so that's allowed agencies to really think about zero-emission buses and fuel cell buses and the new zero-emissions technology of the future. The federal government also released, at the end of last year, an environmental plan of action that identified public transit is critical in core to greenhouse gas emissions reduction, but, even more importantly, for the first time ever, it identified transit as a place where there could be a hotbed of technology innovation. So, it was a place where jobs could be created in Canada in greenhouse gas emissions reduction



technologies, and transit could be at the forefront of that. Those are all the right signals. Now, having said that, government plans really have no meaning or weight unless there's cash behind it. And, heading into the next few months, as we head into what is Canada's budget cycle, we're going to find out how many billions of dollars are going to be pumped into this sector. And, certainly, we've been advocating for several billions of dollars towards zero-emissions transit electrification. Thinking about that, we have a 5-point plan out there, and we've said to the federal government, look, it's pretty basic, after these years of experimentation, we know that you have to pump some money into very specific areas. One is feasibility planning: you could put all the cash on the table that you want, and lots of transit agencies don't know what to buy, because it's not a one to one bus replacement. It's a systems engineering issue. It's an energy overhaul. It's a deep technology transformation. So, put billions of dollars out there, and most of our transit agencies actually don't know what systems to buy (battery electric chargers, fuel cell systems, demand management systems; it's a lot of technology). So, that was point number one: fund the feasibility stuff, because that's the cheap stuff to get to the more expensive stuff, and that's going to save us all a lot of headache down the road. And then the next points that we raised with the federal government was, basically, you have to set some targets. It's not enough to say let's all go green and hope that we're green by 2025. You have to say, here's a bunch of money, and here's a target, and you have to show us a plan of how you're going to achieve this target, and then we'll hand over the money. You have to associate the money with the targets, and, if there's no money, and there's no target, there's no action, and there's just failure on day one. So, we believe it can be successful, but there has to be the targets, and that's feasible these days. The last items that we raised with the federal government was that you also have to recognize that all these innovation funding programs we have out there have historically been tied to automotive and aerospace, not transit. So, open up your R&D funding programs and allow transit as a technology hotbed (the manufacturers, the integrators, the transit agencies) to apply to all this R&D funding, this research and development funding, meant to build out intellectual property; allow us to go in and apply for that stuff, as though public transit is any other industry player. That will allow us to meet those targets using Canadian technology, achieving GHG plans using the money that you're going to put, hopefully, on the table most effectively, and, within that, you're going to get a whole bunch of zero-emissions technology. So, that's essentially the 5-point plan that we put out there, and all of the strategies that the federal government has released in the last 6 months, 8 months during COVID, has indicated that they're walking along the pathway that we have tried to clear for them. So, those are all good signals, but time will tell in the next few months. Now, having said that, to the second point of your question, Jennifer, about what is needed to go to zero-emissions buses. There was a time back in March last year [2020], when there was a little bit of talk in the transit world of a return to diesel. Everybody was worried about the loss of revenue and fare and ridership, and should we go back to cheap diesel? And, you know, how are we going to get to all this expensive zero-emissions technology? I am happy to say that that has disappeared; it was like a momentary, brief, existential crisis that has disappeared. I don't see any city in Canada or the United States that has a Climate Action Plan reversing course; if anything, there's mostly cities and mayors and councilors and transit agencies saying, okay, maybe we modify the timeline, but nobody's going backward and saying no to transit electrification. But, having said that, they are facing the ongoing issues. The ongoing issues are systems overhaul, the systems engineering issue, the fact that you can't get away with a one-to-one bus replacement; very few communities will. That systems overhaul is a big problem. You need to hire some new people, need to do a lot of feasibility planning; it's a lot more complicated than everybody had hoped for. And then the last thing that that everybody's facing is now



we have the standards for high power charging and low power charging, but standards on a piece of paper are very different from interoperability in real life. And now we have the demonstrations showing us that we've got the standard, we have the SAE standard, but even if we follow it to a tee, getting these buses and chargers and fueling systems out on the road functioning is going to take a couple more years of hard work, lessons learned, loss leadership, and all of the headache that comes with adopting new technology that hopefully, and we all know, will one day save our lives. So that's essentially where we are. Good news from the federal government, good indications from the cities, good signals from our public policy leaders, but now the technology hard work is ahead of us.

Moderator: David, the UK Government has also recently announced significant short-term support for private operators to adopt zero-emission buses. How effective do you feel Prime Minister Johnson's green funding scheme will be, and what's your view on zero-emission bus adoption rates across the UK?

David Brown: There's a lot in that question, as well, and a lot of the proposals were this time last year which seems an awful long time ago now that I put some bids in for zero-emission buses. I completely agree with Josipa that, yes, people aren't going to go back that way. There's only one way, and it's going to be ZEBs into the future. It's not going backwards towards diesel; that's just not on the agenda. We are confident that the money that was being allocated this time last year is still going to be there. That was £5 billion for our bus strategies, £120 million for ZEBs, and then electric city. Literally yesterday, we had the announcement of electric city funding of which is one of the cities I operate in, Oxford. And then another one is Coventry, which we have to bid for. And this is now where it becomes the crunch time because the rules of the game that were there last year, can't apply anymore. I've been saying this for the government: I was up for it last year, but there are different circumstances, and you need to tell me how this funding is going to work. So, where I am, in my mind is splitting between the capex costs and the OPEX costs. No government likes to provide operational cost, but they're really happy to provide capex cost. So, I'm trying to get into a position where it is the capex cost that the government funds, and there are means and mechanisms which we're trying to encourage them to think about doing this. It can be done on a leasing basis, you could get other operators in the market that currently do rolling stuff on trains to do something on buses, you can change the business model that exists if you want. But you've got to fund that capex because the jump from Euro 6 to electric is double the price for anyone, it's 200 to 400 roughly. There's no way you can pay for that in the current climate. And then we will look after the operational cost, and we need to work through understanding those operational costs of ZEBs going forward. I think part of the question was, you know, is it going to happen? I did used to work for Boris Johnson when I was working with Transport for London. I actually introduced his Routemaster buses for him. I saw him recently, and one of the second things he said to me was, "4,000 buses, David, it's still 4,000 buses." So, he's got that in his head. It's going to be 4,000 ZEBs, and my job is to work with government officials to try and find a way of delivering that. And I think that will happen, yes.

Moderator: I think so, too, but I do think that flexibility is going to be key. Now in the United States, the U.S. federal government funds a large percentage of public transit, capital and operating expenses, with each surface transportation bill having nuances that reflect the priorities of the current administration. Paul, the Biden-Harris transition team has a stated goal of providing every American city with 100,000 or more residents with high-quality, zero-emissions public transportation options through flexible federal



investments. Can you tell us a little bit about your initial conversations with the transition team, and what we can expect to see over the next year?

Paul Skoutelas: Sure, Jennifer, you know, it's interesting, and I'm afraid we've been in the news much too much here in the last couple of days about what's happening with presidential elections and such in the U.S., but we will have a new president in Joe Biden. He takes office on the 20th of January [2021], but we also have a new Congress, since Congress concluded its last session at the end of December [2020]. So, we have a totally new Congress with many new members. And, given the elections that just occurred in Georgia, we will have two new U.S. senators, both Democrats. It really sets up a very interesting set of dynamics, politically, for us. We are very enthused about the outlook. Joe Biden has often gone by the nickname of "Amtrak Joe," I don't know if that means much to everyone, but, in the States, Amtrak is our inner city rail, and in the States they are the best we can do for high-speed rail at the moment until we get a new line built or two. But he very much has embraced and does embrace public transport and rail, so we are looking forward to an administration that will have public transport investment as the centerpiece of this infrastructure plan. We have met with the Biden review transition team twice now. In fact, we were the first organization to meet with them. We're greatly encouraged with the dialog that we have. First of all, Phil Washington is chairing that group. Phil is the CEO of LA Metro, and there are a number of participants on that review panel that are active at APTA, so they understand our issues extraordinarily well. We have let them know that our biggest priority here in terms of the dynamics of it all is to come out early with an infrastructure plan. And, because we believe this is a once in a generation opportunity, to make this a very bold set of proposals around public transport. We've gotten very positive signals about that. Specifically, we have shared with them the details of our priority recommendations that as an association we've been working on now for two years. It's a very detailed set of proposals, but they also include very targeted investment in buses, and that's where I think that we're going to get quite a bit of support. We're looking for dramatic increases in bus investment. And, likewise, complimentary, significant increases in low- and no-emission bus fleets. I think electrification is very much on the minds in the States, of our elected officials, our communities, and, certainly, our transit operators, because they want to make sure they're meeting the needs of their communities. It's interesting to note, California is typically the bellwether in the States; they're usually a few years ahead of the rest of the country. They've got a 2040 mandate, of course, to go to fully electric; we'll see if that can be achieved. I think our agencies, by and large, are very much supportive of moving forward. The question always is how rapidly can they do so when they do have to deal with the economics and the realities about what buses cost and the like, but I think the federal investment and the priority that we're looking to see highlighted will go a long way to picking up the pace in the States for that investment. As others have talked about here clearly, it's not just the acquisition cost of the vehicle itself, the rolling stock, which is significant, at least a couple times more, but the infrastructure to support it, the charging. And then from an operational standpoint, the reality that the operators have to face with the range limitations at the moment that exists, how quickly that can be solved and brought about to a more acceptable range. These are all the things that everyone is dealing with. But, I think in the States, it's happening to two levels: there's a technical level, which you have to deal with the reality of getting the service out and trying to do it cost effectively; and there's the second piece of the marketing, nobody wants to be in the corner, not moving forward aggressively in terms of meeting some of the climate issues and the sustainability issues



that electrification provides. So, interesting time. I think we will see a pickup in the pace in the States here very shortly.

Moderator: Danny, King County Metro (KCM) has actually been on the forefront of zero-emission public transit, beginning with the deployment of electric trolley buses more than 75 years ago. During the last few years, King County has been testing multiple vendors' battery electric buses. Can you tell us a little bit about how KCM has approached the vehicle assessment and transition, including maybe some of those lessons learned and major areas of concern related to adoption at scale?

Danny Ilioiu: Quite a bit to unpack there, but I'm glad Josipa started a little bit earlier with some of the complexities. We operate battery-electric buses, we operate electric trolley buses, and we operate diesel-electric hybrid buses. Through all the bad things that happened in 2020, one of the good things that happened with us is that we retired our last straight diesel buses, and that was a big moment for us. Unfortunately, we didn't get to celebrate the way we wanted to, so maybe we'll do something in 2021. That being said, in order for us to prepare to evaluate the technology, we tried to look back at our experience with introducing diesel-electric hybrid buses into the fleet. That was a much smaller transition than battery-electric buses, or for the folks that go with hydrogen, will be. But we looked internally, we leveraged our knowledge from our trolley system, which has infinite range (trolley buses can operate 24-7, they never really have to come back to the bases have to get cleaned; kind of a weird model that there's not a lot of experience in the transit world with unless you go to Europe, of course). And then we looked at what do we do with our hybrid buses? What do we want to do with battery-electric buses? Is hydrogen a good fit at this point in time (and the answer was not really, not at this time; it's in our toolbox, something we're going to review periodically to see if it makes sense at some point in time). But, currently, battery-electric buses can meet about 70% of our range requirements with the current technology, and we expect it to get a little bit better. Again, when we found that number, that 70%, that's also tied into a mileage, 140 miles; we also have about 6 hours of service. So we started putting all these things together, calling them KPIs (key performance indicators). And then, most recently, we did an 18-month lease with New Flyer (one of our major providers; our trolley fleet is with New Flyer trolley buses, and they've been operating very well for the last 5, 6 years since we last refreshed the fleet), and with two other manufacturers. And what we did is, we took these KPIs and we did an 18-month lease. And we wanted to see, can these buses do this 140-mile range, and what can we learn in the process of trying to operate them for this 18-month period. We were pleasantly surprised that most of the equipment out there can get close to or exceed that range requirement in our service profile (service profiles going to change from city to city and from geographic area to geographic area). We also learned the importance of a strong partnership, and New Flyer has been a very good partner to us throughout this lease. It's very important because, what happens after you buy the bus? What happens after you put the infrastructure in place? You need to have a strong partnership with a company that has the resources, the will, and the ability to support the product. Because we all know that every time we deploy new technology, they're going to be seeing some glitches for the first couple of years of fielding these new buses. Based on the outcome of these tests, based on these KPIs that we put together on which products were able to meet that, we decided that we're going to purchase 40 buses from New Flyer: 20 standard length 40 footers; and 20 articulated, or bendy buses for you David, 60 footers in order to go to the next level of scaling up. We are currently building infrastructure for those 40 buses, but we're also designing infrastructure for layover



charging, or undercharging as Josipa called it earlier, because we understand that that's one of the critical components for battery electric buses. It gives you a better flexibility, it eliminates some of the deadheading time, it allows you to keep the buses out on the road. And then, if the base is away from the routes or from the terminals, it allows you to switch routes and switch operators without really having to bring the buses back to the base and recharging them again. So that's where we are right now with our battery electric buses in our program.

Moderator: David, Go Ahead has been one of the early adopters and the leading zero-emission bus operator in London, and the UK for that matter. You currently have 200 zero-emission buses in your fleet, and a further 70 on order. What are the key lessons Go Ahead has learned about range charging strategy, driver performance, and maintenance?

David Brown: I'm going to be saying some similar things, actually, because it all sounds very familiar story. We started in 2016, converting a whole depot at Waterloo into electric buses; we were the first to do it, we were the early adopters, and we took all that heat of trying to work out how you're going to do it. And, I think, some of the lessons we would learn, I can succinctly say them, really, are: one, you take up depot space, and you've got to think laterally about how you're going to put the infrastructure into a depot; and you've got to recognize that, certainly in London, depots are of all different sizes, shapes and everything. And it gets more difficult, and you lose space, and, if you lose space, you lose an income; that's my view as a private operator, that you have to reconcile how you're going to fit all the infrastructure into the depot. The second thing is, actually, in terms of drivers in terms of customers, it's all upside. Drivers drivers love it; it takes very little for them to actually get used to drive in electric buses. I did have one amusing story that came from Boris Johnson, in very early days. I said something quite almost flippantly, I said, "They're so quiet, we're going to have to put some artificial noise on them," which he thought was absolutely hilarious. I was sort of a little bit embarrassed that he was laughing, but, guess what's happening now? We're putting artificial noises onto electric buses so that people can actually hear them in the street. That's what's started now. I think some of the lessons we learned would be the variability of the National Grid affects the pricing of what you're putting into your infrastructure, and public sector bodies can think differently about how you can equalize that out. But if you're bidding for work, don't bid without knowing how you're going to link up with your substation. That sounds a really simple, basic thing, but it's so true. If your substation is a long way away, you've underbid the price of bidding for electric vehicles. Dealing with drivers and customers is absolutely fine. The next really, really crucial bit is the warranty on the batteries. How long is that warranty is going to be, and what's going to happen when it falls out? Because if we could guarantee that warranty of the batteries for the life of the vehicle, let's say we're talking 12+ years, and at the moment that the warranties are for half of that, that is a big unknown for us. So though we've been running electric buses since 2016, we still are not 100% sure of the operational costs of running electric buses. We think they're about 20% to 30% cheaper, but the big unknown is what's going to happen with the warranties on the batteries. And that goes back to my earlier comment. What I've tried to do with government and everybody is to separate out the capex cost, which is double and is a different issue and a different way of solving it, from the operational costs, which becomes my problem, and trying to work that one through. That is still an unknown element. But there are there are upsides. We're also trying to think about ways in which we can allow other users to use our depots to charge up because we've got this massive bit of kit sitting around in depots. We've got a place



called Northumberland Park in North London, which will now become the largest depot in the world, I'm told. Don't quote me, but I'm told it will actually feed back power into the National Grid at night from the batteries that have not been used during the course of the day. We're trying to see other ways in which we can use the power. So, we started thinking about the real estate above the depot, so you can actually feed off the power and actually have the whole of the housing and residential housing above. One of the reasons, as I'm sure a lot of you know, it's very difficult for people to get planning permission for depots when they're diesel and you're starting up the diesel engine at three o'clock in the morning. If it's electric, it changes the dynamic. We're thinking laterally about how do we make these things work. We're just about to invest massive amount of money in East London and Silvertown to do this very thing. How do we capitalize on what we've now got as an asset for wider things? But one of the things that it always goes back to is about range. And once it's in the depot for us, we get about 150-mile range, we will need about 200; that's sort of where we need to be, 75% of all the routes to be adequately covered by it. Because then you get into the opportunity charging issue and the pantograph issue. And then you get into the visual effect of that, where you can put it, whose land it is, the time it takes, the dealing with the public authorities. When you're in control of your own depot, you can do whatever you like. When you're relying on third parties, it just slows the whole thing down. We are more keen for the technology to advance so that we can get better ranges than we are about trying to do opportunity charging along the line of route. In the end, it'll be a combination of all of those things. I think that covers some of the lessons we've learned. We've been on a very steep learning curve, and we took some commercial advantage from doing that. Unfortunately, people have now followed us and understood some of these things. And we have, I think Danny you said it, we have honestly been very upfront, and I've had more visits to Waterloo Depot from around the world than the United Nations has got countries. We've had everybody there looking to see how we've done it, and we've shared what we've been doing with anybody that wants to come.

Moderator: Josipa, in December [2020], the Trudeau administration also announced the Hydrogen Strategy for Canada. CUTRIC has been involved with operators that are evaluating both battery-electric and hydrogen fuel cell electric buses. Can you share your perspective of pros and cons for each approach?

Dr. Josipa Petronic: Yes, I first have to say, it's great that a hydrogen strategy finally came out at the federal level because we've been working on this for years. And it goes back to that whole idea that it's one or the other, and, finally, we got to a stage where we're all recognizing that hydrogen is part of the electrification platform of the future. And, you know, in Canada, we have the, I guess, shameful reality right now that we have the world leading technology in hydrogen fuel cell stacks, we have North America's leader in hydrogen fuel cell bus manufacturing, New Flyer, and we have hydrogen supplies that are green hydrogen, and yet we have zero hydrogen fuel cell buses on the road, or even in the process of being procured (outside of a project that we're leading with Mississauga right now with New Flyer support). So, it's that very bizarre scenario, and, what I can say about it is, it has taken the last few years to convince transit agencies to even allow us to model out, physically, the benefits of hydrogen fuel cell in tandem with, and complementarity to, their battery electric buses. This was the culture, deeply opposed to hydrogen, for all sorts of historical reasons that no longer hold. Now, where we are circa 2021, and 2020 certainly, is a number of agencies (over half a dozen) that have now asked us to model out how hydrogen



fuel cell buses work in their communities. How far can they go? What's the fueling system? Can we get green, gray, or blue hydrogen? What's the GHG picture look like? So, a definite culture shift for the new decade, and that is a good sign. The next 12 months ahead, though, we'll be really leveraging that federal strategy to get some cash into a demonstration project that gets 10 to 20 fuel cell buses out on the road, likely in the Greater Toronto and Hamilton area, likely in Mississauga, very definitively with New Flyer buses, as the only provider in Canada of these fuel cell buses, and being able to show them build out a green hydrogen supply chain with one of our partners, Enbridge. That has to happen. And one of the big challenges we had over the last 6 to 8 months was convincing our federal government that the hydrogen strategy has to look at heavy duty power trains, trucks and buses and coaches; that trying to convince tens of thousands of Canadians to buy hydrogen fuel cell cars is not the way of the hydrogen future. Maybe down the line, but you're trying to convince households to make very expensive purchases, versus working with fleets that buy 10, 20, 30, 100 buses all at once, that drive the industry forward in a stepwise function. So, positive indications ahead. Mississauga leading the way. New Flyer leading on the manufacturing. Enbridge leading on the green hydrogen. Finally, circa 2021, Canada's coming back for a hydrogen homecoming, and I expect in the next 24 months we'll have those buses out on the road. It's been a bit of a trek, but now, culturally, the industry has shifted fundamentally. And I would say, you know, Jennifer, to the issue of challenges ahead, people often ask us, well, physically speaking, where should hydrogen buses go and where should battery electric buses go? Well, physically speaking, from an engineering perspective, as everybody knows on this panel, the hydrogen fuel cell buses in Canada are battery electric buses with range extenders. They're not fuel cell stock heavy; they're battery heavy. So, they perform as well and as beneficially in the same places that battery electric buses perform, which is: stop-start heavy, dense downtown traffic. Put them out on a highway, and they're going to perform less efficiently in terms of the comparison to how a diesel engine is designed. We see three areas where hydrogen fuel cell buses are really going to have a strong performance. That is one in the areas where the blocks are very long, lots of interlining, lots of blocks, lots of trips along kilometers, with no downtime, because, if you have on-route charging, you have infinite range. It doesn't matter how big your battery pack is. So, if you don't have access to on-route charging, you don't have a charging solution, or you have very low downtime, then hydrogen is probably going to be your solution. The second area where we're seeing it really take off is on those high-speed routes. Not because it's more efficient to apply a fuel cell bus to high-speed routes from the laws of physics perspective, but it's because of the low downtime and high-speed burn-through-your-battery situation. And, so, we're seeing the high-speed routes, the highway routes, plus those long blocks where you don't have downtime, you can't structure it into the schedule—that's really where hydrogen is the low hanging fruit for deployment. Thereafter, it's going to be exactly as you say David: after some years of experience, where are the pennies being saved of capex versus operational costs. But, right now, those are some of the early deployments that are necessary must. The last area where we're seeing deployments are, like in Mississauga, where it's a real estate issue. It's not an energy systems issue; it's a real estate issue. Their facility does not have the space for chargers in depot or the property rights on-route. So, you're looking there at hydrogen on day one, because of a real estate issue, and none other than that.

Moderator: The lockdown of cities over the last year has actually proved several things to the world. It showed us that reduced traffic could produce a significant impact on CO₂ emissions, and, therefore, climate change. It also showed us an increased demand for urban space and this need for complete



streets where cities are designed for people and not cars. And it showed us that many jobs could be accomplished in the work-from-home scenario, kind of like this one. Paul, final question. Can you share your thoughts on how cities and public transit will be shaped by these lessons in the long term?

Paul Skoutelas: It's an interesting question that we're spending a lot of time thinking about with many of our partners, our members, agencies, and the like. And, I will say, you know, no one can predict exactly what this return to the office will be like. I happen to be a big believer in the importance of cities, and that our cities aren't just going to go away. Even though, in this moment in time, albeit this longer moment that that we have (it's 10 months now, likely to go at least another 6 months or more), we're all doing and adapting as we need to. Not because we want to, but because we need to. We've got all the lockdown orders, the shelters-in-place, the social distancing; we're doing everything that is expected of us in order to be safe, and not to contract the virus, and not to spread the virus. I don't think that's the mode that we want as a society to be in. And, I think, once we get through the vaccinations, once we make the transition to this other side of the pandemic, I believe our cities and our public transit systems will come back to life. You know, we've got cities that are the engines of our jobs, they're the engines of culture, the amenities, the kind of lifestyle that I believe most of us really want. And I think that what we're going to see is, in all likelihood, some percentage of jobs that, yes, can be done at home may want to continue that way, but I believe that the great majority of people want to be out with others, and interacting, sharing ideas, creating new thoughts. I think that's where transit plays an incredibly important role to help our cities come back. We have some dangers; David talked about this very early on in our session and that is, you know, what we saw with these lockdowns is people naturally being fearful of the virus, moving back to their private automobiles to get into our cities. That is a recipe for disaster. That's not what we can be doing in order to preserve the quality of life that we want, the cities that we expect to be vibrant. So, public transit plays a critical role in that. As our economy comes back, as people begin to return to some degree of normalcy, public transit needs to be there. There's a relationship there. The transit needs cities, and viable, vibrant cities, and viable, vibrant cities need transit. I think we're in a good place, but it's going to take, I think, a closer working relationship with our policymakers and our decision makers at the city level and the like, to make sure that these decisions that are made are done looking at this broader picture. How does this relate to not only mobility? How does it relate to our economic development? What about the goals that we've established and are aspiring relative to climate change and sustainability and the like? We've got to bring all those issues to the table. And, as a transit organization, whether it be a transit operator, or transit planning agent, we need to be at the table to help formulate and shape these decisions.

Moderator: On behalf of Paul Soubry, and the leadership team at NFI Group and all of our businesses, I'd like to say a heartfelt thank you for joining us today and sharing your perspectives and expertise. We are truly grateful to consider all of you partners in our collective journey towards solving big urban problems with smart, resilient mobility solutions. Thank you.

Stephen King, Group Director, Treasury, Corporate Development & Investor Relations, NFI

Thanks to all of our panelists for that excellent discussion. We're now at the halfway mark of our day, and we're going to take a short bio break. Following the bio break, we'll come back we'll hear from Paul Soubry, our President and CEO, to discuss how we're leading the **ZEvolution**TM.



Introduction to the ZEvolution™

Paul Soubry, President & Chief Executive Officer, NFI

Slide 35: Welcome back from your bio break. We'll now kick off the second half of today's presentation. Recently, we conducted an extensive global search looking for someone with a high-tech perspective, a disrupter, and somebody with partnership and global experience to join our Board of Directors. In May 2019, Kathy Winter, the Vice President and General Manager of the Autonomous Transportation and Infrastructure Division of Intel Corporation, joined the NFI Group Board of Directors. At Intel, Kathy manages a global organization that delivers comprehensive solutions for smart cities, mobile automation, and transportation. She leads a team that's developing increasingly sophisticated platforms for a variety of commercial and consumer market segments, which include ADAS (Advanced Driver Assist Systems, AD (Autonomous Driving), AMR (Automated Mobile Robots), and IVI (In Vehicle Infotainment). Prior to joining Intel, Kathy was the VP, Software & Services, Automated Driving for Delphi Electronics & Safety, where she led automated driving efforts, global new-growth strategies for embedded and aftermarket software products, and cloud-based automotive and consumer services. Prior to that, Kathy held a number of senior R&D and business positions at Motorola in cellular infrastructure, telematics, and mobile phones. Kathy will now provide an introduction into NFI's next chapter: the evolution to zero-emission buses, or, what we call the **ZEvolution™**.

Katherine (Kathy) Winter, NFI Group Board Director; also the Vice-President & General Manager, Autonomous Transportation & Infrastructure Division of Intel Corporation:

Thanks, Paul. It's been really exciting to join the NFI Board. In my capacity at Intel, and with Delphi and Motorola previously, I have had the opportunity to witness and experience incredible technology advancements. That's part of why I was attracted to NFI: to be part of a company as it leads an industry through the early stages of transformation. I must tell you, though, developing heavy duty buses is much more difficult than I expected, and definitely very different than high volume automotive. It is incredibly complex, with an extremely high degree of customization based on the unique operational and political dynamics of each customer. The NFI team are experts in assessing and understanding their customers' unique requirements, the integration of leading-edge technologies, and navigating very complicated global sourcing processes. Forming a true partnership with their customers is a priority. Transition of bus fleets to zero emissions is not a question of if, it's when. But it's an evolution, not a revolution. It'll take time, especially in public markets, where it's complicated by installed fleets, colors and buckets of money, and varying political support. I see lots of companies making promises of disruption and revolution, but not all are going to be successful, especially at the end-product stage like NFI. It's my pleasure to now introduce a short video to kick off the next section of today's presentation. NFI has and will continue to evolve, disrupting itself and the industry by launching leading edge technology for a safer and more sustainable world. NFI is leading the **ZEvolution™** to a zero-emission future.

VIDEO: NFI is Leading the ZEvolution™

The world of transportation is changing, and everyone knows what's coming next: zero-emission buses and coaches moving millions of people all around the world. Change needs a leader, and we are that leader. It's not a revolution. We delivered our first zero emission bus in 1969. Our electric vehicles are already in the largest cities in North America and the UK. And it's not just about the bus. We provide



*solutions, parts telematics and infrastructure, all designed to suit each unique operator. We aren't just planning for what comes next; we are already doing it. Incorporating cutting edge technology, while building on unmatched production capacity and charging experience to create smart, sustainable and connected solutions. We are constantly evolving and moving forward. We have made investments in people, products, and services. And we're excited about the road ahead and the growth it will drive. NFI doesn't plan in years; we plan in generations. We are leading the **ZEvolution™** to a zero-emission future.*

NFI is Leading the ZEvolution™

Paul Soubry, President & Chief Executive Officer, NFI

Slide 36: I hope you enjoyed that short video that tries to encapsulate all of the critical elements as our world moves through the zero-emission evolution, or what we call the **ZEvolution™**. Thanks, Kathy, for that wonderful introduction.

Slide 37: I'm going to now talk you through and walk you through the various elements of our business, of the market, and how we've tried to respond and react, and why we believe NFI will lead this **ZEvolution™**.

Slide 38: It's really interesting to look at the global data. Buses are projected to lead the evolution to zero-emission vehicles over trucks or cars and so forth. And there's lots of elements that I'm going to walk you through that give you that insight and that perspective.

Slide 39: First, we're seeing every day, every quarter, more announcements of governments around the world making commitments to carbon-reduced, carbon-free clean city commitments. And that's being implemented across the planet, which then has resulted in tremendous improvement and aggressive political will for zero-emission buses gaining momentum. Really exciting in the United States of late where President Biden's campaign was really focused around moving the environment to green type zero-emission vehicles and getting them into the cities across America. We've seen California lead every state. We've seen the Canadian government of late accelerate their desire for the adoption of zero-emission buses through their plans. And, of course, the UK National bus strategy is really trying to push zero-emission across the country.

Slide 40: We've done a bunch of research, we found some various sources. I think this one's very helpful from Bloomberg, that just gives you a perspective from 2020 to 2040, that buses, because of those political and economic factors, and the environmental desire, are going to lead the pace of adoption.

Slide 41: Now, before we started to put buses on the road a number of years ago, we had to have charging standards. And, of course, I think we saw that happen early in China. We saw it move collectively and collaboratively over the last 10 years in Europe. And then, of course, in the last number of years, we've seen Canada and the U.S. work to the SAE standards. Once we had the charging standards, we also needed, in the last couple of years (actually led by a number of our R&D engineers working with a whole collaborative group of agencies) to clarify those standards for charging on-route, charging overnight a depot, or wireless charging, which is still under development.



Slide 42: The really exciting thing is that when we start delivering zero-emission buses or battery-electric buses, specifically, the cost was off the charts; and what we've seen over the last, you can see on this chart from 2014 to 2020, global battery prices have dropped somewhere in the neighborhood of 80%, which will only help going forward. It will help our vehicles as they're integrated, as we're getting more scale, and zero-emission buses, allow for cost of ownership of a zero-emission bus to approach parity of conventional powered vehicles.

Slide 43: And all those things are now contributing to our customers', our operators' demand for zero-emissions gaining traction. We've given you some examples here of quotes from Canadian operators, U.S. operators, and UK operators who have either specific dates when they'll stop buying conventional vehicles, or adoption dates for full electric fleets. What's very clear is we're not going back.

Slide 44: The pace of adoption is obviously up for everybody's debate. There's a number of issues we have to consider. First, you have largely public transit fleets with vehicles that still have a useful life. And to some extent, a strategy in many cases of one-to-one replacement of an old propulsion technology to zero emission. You've got the strategy of integration, trying to help transit operators or public companies understand what it means, and you heard through our panel earlier today, what it means, and the lessons learned about how to get it into their depot, and all the strategies around charging, and where they're going to get their energy from, and so forth. And then you've got the dynamic of funding. You've got current funding models that were based on certain costs of vehicles and certain ways of fueling or filling them, and now the unplanned environment of "where does the money come from." How do you pay for the charging infrastructure, as well as what government funding initiatives might be available. And then, finally, you've got to kind of retrain and evolve your entire workforce, whether it's the sourcing people, the operators, the maintenance people, the programming people in dispatch, and so forth. So, there's a lot of things that will actually take time to help people pace the adoption.

Slide 45: Then you get into the actual vehicle and the charging strategy, and there are a lot of different issues or factors for every operator. And, quite honestly, there are no two operators that are alike: whether it's individual load factors, weather conditions in their environment, topography, average speeds and route lengths, the battery type they choose, the number of accessories on the vehicle and what parasitic load happens, the capacity, the age of batteries, and so forth. Which means what we've tried to do in our offering and our strategy is to do two things: 1) have different types of zero-emission vehicles, depending on the customer's desire, whether it's battery-electric, or fuel cell, or trolley electric; and then, in addition, 2) provide a scenario where we can be very flexible with the different types of charging that they may need, whether it's at the depot, or on-route, or range extenders.

Slide 46: We're really comfortable, and we're really excited about where we're at in leading this movement to zero-emission or electric bus mobility. When you look at the combination in the creation of NFI Group, we have over 450 combined years of experience of our individual companies, we have more than 105,000 vehicles in service today, in well over 100 cities around the world, and there's a whole bunch of things that make us not only in a position to lead, but continue to lead and grab more share as we go forward.



Slide 47: First, our buses have been around for 50 years in terms of the current design and configuration, the monocoque type structure. At New Flyer, for example, we chose a strategy of designing the structure or the shell of the monocoque frame of the vehicle to be able to be propulsion agnostic upfront, whether we were having clean diesel, whether it's natural gas, whether they were planning for electric trolleys, or ultimately fuel cell or battery electric. All kinds of issues are taken into consideration. Weight distribution: it's one thing to have lots of batteries, and have a certain level and size of vehicle, but not be able to fill it up with passenger capacity. All those things have helped us to position our vehicles to be agnostic to move with our customers. We've also made choices around adapting and adopting different types of materials, whether it's carbon steel or stainless steel, to build our structures, and all of them were designed for common maintenance and field service. We're really proud of the fact that our company, NFI, has tested more buses at the federal Altoona site than any other competitor.

Slide 48: The other dynamic is that no two buses are alike. In addition to the city's requirements being unique, every operator has all kinds of issues that they understand and apply when they go forward with zero-emission vehicles. And so, we need a vehicle that lasts a certain length of time, they have their own heating and cooling type standards, we have different types of capacity requirements, we have weather dynamics, and all these other things. At the end of the day, we don't sell buses off the shelf. Our expertise lies in the rapid customization, and then being able to manufacturer at scale. And that's been something that's been very successful across our entire business.

Slide 49: Our zero-emission electric journey really started in 1969, 50 years ago, when we delivered our very first electric rubber-wheeled trolley to Seattle. And you could see on this chart a whole bunch of major industry first, or milestones, whether it's fuel cells, hybrids, battery-electric vehicles, telematics introduction, and so forth, where our business has continued to evolve over time...

Slide 50: ...to the point where we now have pivoted completely. We don't just sell buses anymore, we provide solutions. And that means, whether we provide or integrate our own charging strategy with them or work with the operator, the buses and vehicles themselves, a way to connect and use data to diagnose the vehicle and service and then a very comprehensive aftermarket support. We have revenue streams from all elements of this value chain.

Slide 51: But what was missing was a place to go. As the industry started to try and move towards fuel cells or battery-electric vehicles, there was no place to go to really understand the implications. And so, in 2017 our company launched what we call the VIC, or Vehicle Innovation Center. It is based in Anniston, Alabama, at our manufacturing facility, a dedicated facility where people can go to understand what it means, all the implications associated with a battery-electric or a fuel cell electric vehicle.

Slide 52: The VIC has numerous displays, interactive activities, observation decks, where you can see the design layout of the vehicles, placement of batteries, different chargers to understand those implications for you. And, very exciting, what you see on the picture here, what we believe to be the world's first zero-emission bus simulator based on an Xcelsior CHARGE™. You can see the front end here. We are working with simulator companies to make it almost like aircraft simulation, the ability to really understand what it means to drive an all-electric vehicle.



Slide 53: Today, we already have the platform of zero-emission vehicles across our ARBOC line, our Xcelsior, as well as our Alexander Dennis and motorcoach vehicles. These buses exist and are all in operation or for sale today.

Slide 54: So, what we've chosen for a strategy over the last number of years. There was method to the acquisitions: build a portfolio of vehicles that have propulsion capability all the way through the zero-emission, but also have a platform and a portfolio that have the different sizes and types of buses, whether they're smaller buses, medium duty, heavy duty, single deck, or double deck. We surpass any of the competition.

Slide 55: And the same thing applies for Alexander Dennis in the UK. The ability to provide that offering to a very different customer base has been very successful.

Slide 56: We bit the bullet early a couple years ago. We chose to spend the capital to make all of our facilities able to build all types of propulsions on the same production lines. The answer then, in today's reality, is, if zero-emission evolution takes off faster, we can continue to migrate our production capability to that, as opposed to having to worry about balancing multiple production lines. And you can see both in the North American environment...

Slide 57: ...or the UK environment at Alexander Dennis, all of our facilities are capable of handling all types of propulsion vehicles in their facilities, both single deck and double deck.

Slide 58: Now the other thing that's pretty important to us and really exciting from our competitive perspective and our go forward profitability, is the fact that the vast majority of all of the components suppliers are the same on a zero-emission bus as they are on a conventional fleet. No question there was some new suppliers and new technology that we had to bring into our fold, but our sophisticated supply chain, which is designed globally, in some cases strategically designed to comply with things like Buy America or other requirements, was well prepared.

Slide 59: We've also chosen to partner with key leading suppliers. You'll see some names here of some of the very exciting partners that we've chosen. Brand names, global capability, latest and greatest technology. And, really exciting just to point out, you may have seen our press release earlier today, Alexander Dennis has been partnering with BYD for 3 or 4 years now to put Alexander Dennis bodies together with BYD chassis supplied from China. We've just come to an agreement with BYD in the UK to have a strategy where Alexander Dennis will build the chassis based on a BYD design and supply and will integrate themselves for an all-UK built electric vehicle. Very exciting opportunity for us.

Slide 60: We manufacture our own battery packs. We have numerous cell sourcing relations; a couple of prime providers today. We also buy battery modules from those providers, and then we manufacture our own battery packs. And so what you see on this chart here is, we'll take those input components, we'll build the battery pack inside our manufacturing facilities adjacent to the production line, we'll install them, and then we have the ability with our electronics and telematics to ensure that the operation



technology deployment is happening as intended. We continue to push this battery market research and testing to ensure that we're market leaders...

Slide 61: ...which is also a part a key element of our strategy. We've chosen to remain kind of cell agnostic. It has both financial implications in terms of the ability to stay latest and greatest on R&D. We've seen battery prices continue to come down. We're seeing that the battery cells cost today about 25% of the zero-emission vehicle. The exciting part is as we continue to move and migrate with our suppliers, and we're not tied to only one supply base, we have all kinds of flexibility going forward to always have the latest and greatest technology for our customers in terms of range, cost, reliability, or warranty offerings. We believe, fundamental to that strategy, is the ability to retain flexibility to integrate the latest and greatest at all times.

Slide 62: Very exciting to report that we have so many zero-emission vehicle buses, whether it's trolleys, battery-electric, or fuel cells in public and private operators in Canada and the United States today.

Slide 63: And the same in the UK and New Zealand, where Alexander Dennis has a commanding position with the deployment of zero-emission vehicles.

Slide 64: To support what's in service today, and as our customers move to zero-emission vehicles, we have a requirement to have a massive and sophisticated, and flexible, comprehensive service network. In our North American locations, as in the UK, we have parts stocking locations. We have over 300 field service and technical employees deployed in the field to help those customers not only maintain their existing fleets, but to deploy, troubleshoot, and ensure successful operation of zero-emission vehicles.

Slide 65: Now, when I joined the business 12 years ago, I was really surprised you saw these half-a-million-dollar capital assets that really didn't have very much sophistication in terms of telematics or real time monitoring. We've been an industry leader in our world to try and push the use of telematics and over-the-air software updates to be able to understand not only what's happening with the health of the vehicle, but also with the electric and the battery system. To understand the charging dynamics. To understand fault codes real time, which have huge implications for real time deployment, preventative maintenance, and fleet planning going forward. Ironically, the tool and the supplier that we chose that New Flyer for Connect360™ is the same one that Alexander Dennis uses in the UK; lots of opportunities to go forward there together.

Slide 66: As we deployed vehicles, it became clear early that we needed to be way more integrated and understand the strategy associated with charging solutions. The first couple of our bus deployments, where we had the operator, the customer, put in the charging infrastructure, we had all kinds of challenges ensuring that the vehicles were connecting, charging, operating at the intended pace or operation. We then decided to create in 2019, January 2019, our own infrastructure solution business, which has become a tremendous asset. We understand what's required. We help customers design, select, deploy that charging infrastructure, and the buses are designed to completely integrate. Very successful learning, very successful business. The fastest part growing of our business in the last couple years.



Slide 67: And, finally, as we put zero-emission buses in the field, we need to have foresight of what we're going to do with those batteries when those vehicles get to their 12-, 15-, 20-year life. Last week, we put out a news release with a company called Li-Cycle where we're going to take all of the batteries off of our pilot buses and our R&D buses, and we're going to work with lifecycle to understand the implications for battery cycling for the future and then work with our customers to ensure that's deployed.

Slide 68: The reality is our business is transitioning to zero emission, exciting from an operations standpoint, from a customer satisfaction, and, massively, from an environmental perspective. But our view is that it's far more of an evolution than a revolution. As you see today, it'll take time.

Slide 69: You can see today on this chart, the number of zero-emission vehicles adopted as a percentage of the total transit and motorcoach buses in each of these locations. The only part of the world that has had made major progress has been China, the rest of it is sub-2%, 2.5% around the world. Huge opportunity, but it will take time to evolve.

Slide 70: In North America, here's an example of the U.S. public transit fleet. Only 2% of that fleet today is battery and fuel cell. A huge opportunity. However, you have an installed fleet that's somewhere close to 60% less than 10 years old. It's going to take time for that fleet to earn off or burn off its useful life to ensure great value for the taxpayer investment. Make no mistake, it's happening.

Slide 71: The same thing applies in the UK, although in the UK, as you heard from our panelists today, we have private operations performing public transit services. The UK is ahead of North America. Less than 25% of those vehicles, however, are either Euro 6, the latest standard, hybrid, or zero-emission. It, too, will work through an evolutionary process, we think faster than North America.

Slide 72: Now, as you heard from the panel, another dynamic is that there's buckets, meaning where the money comes from, and colors, different buckets of budget, whether it's operating buckets, fuel budgets, or capital buckets. And it's not as easy or intuitive as we might think to be able to move money across buckets and colors of money. We think that, over time, we're going to see the funding mechanisms in North America change as those vehicles move today. It's an area that we have to continue to work on. And, of course, in the UK, where they're even more reliant on the operator farebox, there are more incentives, and that's why we think the UK market will adopt zero-emissions faster.

Slide 73: Now, here's the final dynamic that we all need to continue to think about. As we deploy more zero-emission buses, we get more and more demand for energy. Here's a simple example of 6 buses being charged simultaneously at one facility. Imagine if you're in an environment where there were 600 buses deployed, or 500, on one depot, and you need to charge them overnight. You need 45 megawatts of power, which is equivalent of charging about 30,000 homes. A dramatic demand coming forward, which means the design of the vehicle, the charging strategy, and the link to the utilities, or the energy providers, are critical to ensure that the whole solution is not only cost effective, but is green.

Slide 74: Here are our projections based on all of the analysis we've done of the adoption rates of zero-emissions for buses around the world. You can see that we have the UK, in our projection, by 2023



getting somewhere north of 45% adoption. And you can see in North America that heavy transit space getting north of 21% at the same time. Obviously, private operators, disrupted by COVID, the North American coach, and the North American cutaway market adoption by 2023, will be much less than we see in the public or in the UK type environments.

Slide 75: Now, finally, some really exciting and sexy stuff. Today, NFI has autonomous buses. But, autonomous buses and the deployment in public roads is going to be measured. You can see on the right here we all understand the basic five stages of autonomous vehicles. Motorcoach for years, for example, MCI has been deploying Stage 2 and Stage 3 with lane departure, adaptive cruise controls, 360 cameras; all these kind of things.

Slide 76: Early next year, we are deploying a complete Stage 4 autonomous vehicle fleet in the United States. I'll tell you about it in a second. Just imagine the possibilities as we start to deploy more and more of these technologies onto public vehicles or to public transit vehicles. First, the dynamic around pedestrian and vehicle safety. There's no question. Buses operate in a very liquid and changing environment. And, so, the ability to have data, to have early warning, and all these kinds of things, only enhances the overall safety of our public transit systems. The other end of the spectrum: imagine the cost savings and the efficiency at a public depot. Imagine 500 or 600 vehicles at a depot and a driver can drive up, the driver gets out the vehicle gets charged, moves to the charger autonomously, moves to the washer autonomously, goes for maintenance autonomously, and then parks itself in a much more dense environment. And imagine in the morning when the dispatcher can get on and see the health of the entire fleet before he dispatches the first vehicle. As opposed to, you know, maybe a cold winter Winnipeg morning where one of the buses in the middle of the pack won't start, and the dynamics that has the implications has for the rest of the pullout.

Slide 77: Earlier, as I mentioned, we've started a project. It's managed by an organization in the United States called CTE, the customer is CTDOT, and we're partnered with a very sophisticated autonomous vehicle company called Robotic Research. And so, together, we are going to put Stage 4 autonomous vehicles on public roads, dedicated roadways for vehicles in Connecticut, in 2021. Really excited about what we can learn from this initiative.

Slide 78: One of the really exciting things we see in Alexander Dennis, they've worked with one of their primary customers, a company called Stagecoach, and with a local technology company called Fusion Processing, and they've been working on that dynamic of having an autonomous vehicle work through its operation movement on a depot. Really exciting learning, with tremendous possibilities going forward, combining both the autonomous vehicle element with the electric vehicle.

Slide 79: We're at the end of this section. We are really excited about where we are. We've got this healthy sense of paranoia and learning about what the competition in the market is doing. What's been deployed in our space of the last 5 or 10 years, outweighs the pace of the technology evolutions we've seen the last 70 or 80 years. The market dynamics are positioned for buses and coaches to move to electric vehicles. We've built our business as a combination of companies with decades of investment, innovation, and product development. And, as you heard from Ian, we're now harmonizing that into an



integrated operating company. We are the industry leader, and we're the industry leader today, as we move to zero emission and as we see that evolution to the zero-emission future, or what we call the **ZEvolution™**. We've got the most manufacturing capacity, the largest installed fleet, the deepest relationships, and the most reliable and extensive aftermarket infrastructure. And we offer solutions: everything from the legacy propulsion that customers need as they transition, through infrastructure solutions, electric vehicles, and parts support. Today, NFI's ending backlog is about 8% zero emission. 31% of our public bid universe are moving to zero emissions, that will only drive the continued growth of our business, as well as profitable growth and return to our shareholders.

Slide 80: With that, I'm going to hand it back over to Stephen.

Stephen King, Group Director, Treasury, Corporate Development & Investor Relations, NFI

Slide 81: Thanks, Paul. We're really excited about the future of NFI Group and this evolution. We will now hear from our business unit presidents, who will provide an update on the respective markets and share how they are contributing to the **ZEvolution™**.

Slide 82: First, we will hear from Chris Stoddart, President of New Flyer and MCI. Chris has been with NFI Group since 2007. Prior to his current role, Chris served his New Flyer's Senior Vice President of Engineering and Customer Service. Next, we'll hear from Doug Minix, General Manager of ARBOC. Doug joined ARBOC in 2019. Prior to this role, he served at Tenneco for over 16 years as Executive Director of Operations. We will then hear from Paul Davies, President and Managing Director of Alexander Dennis Limited, who will join us from the UK. Paul has over 25 years in the bus and rail industry, and he joined Alexander Dennis in 1997. Lastly, we will hear from Brian Dewsnup, President of NFI Parts. Brian joined NFI Group in 2013. He was previously the CFO of North American Bus Industries (NABI), which was acquired by us in that year. I'll now hand it over to Chris.

Market & Business Updates

Slide 83: New Flyer & MCI

Chris Stoddart, President, New Flyer & MCI

Slide 84: Good morning. My name is Chris Stoddart, and I'm the President of NFI's combined New Flyer and MCI organization. As Ian Smart shared with you earlier today, this past year, we've reorganized the two businesses, as well as our part fabrication businesses, under one leadership team with an objective of creating savings and efficiencies. Although this consolidation is occurring in the midst of a global pandemic, in some ways, it's been a long time coming. Both New Flyer and MCI have traveled very similar paths over their histories, beginning in Winnipeg, Canada in the 1930s, growing into the US market, and becoming leaders in their respective markets, offering innovations that advanced mobility across North America. Over the past six months, our teams have been working diligently to align all back-office processes and systems, while maintaining the two iconic brands that our customers rely on. We'll talk about the impact of COVID on these businesses in a moment. But, during this journey, we've been pleased to find many areas where processes overlap and many best practices that we can leverage across the entire business. It's a very natural fit. Looking forward, our team will take the opportunity to



become a stronger and more resilient organization, improving the products and services that we offer to both public transit and private motorcoach operators.

Slide 85: There's no denying COVID made 2020 very challenging. Cities locked down and private motorcoach operators effectively paused operations. As an essential service, public transit continued operation, albeit with reduced ridership and farebox revenue. Throughout the crisis, three priorities emerged for our team. First, we implemented numerous Safe Return to Work protocols and made significant investments to provide our employees a safe work environment. Second, we focused our engineering resources on developing products and features that aided our customers in protecting drivers and passengers, which help restore confidence in taking public transit. And, lastly, we included our voice in advocacy efforts to secure relief funding for transit agency and motorcoach operators. Fortunately, we did not experience cancellations of existing public sector contracts, but we did see a significant delay in planned procurements. This, combined with the decline in private market motorcoach deliveries, resulted in a decision to reduce run rates to manufacturer primarily public transit vehicles in 2021. So, yes, there's been a tremendous amount of turmoil in our industry. However, we certainly have had a bright spot. Our zero-emission bus program has made some incredible strides, which I'll talk about in a few minutes.

Slide 86: At the beginning of 2020, transit had started to see an uptick in ridership across North America. Many multi-year contracts were coming to the end of their contract term in 2019, and our 5-year bid universe showed significant pent-up demand. Most large transit agencies were investing resources in pilot zero-emission bus projects, performing range analysis, and developing zero-emission bus specifications. Investment in fleet expansion, combined with some ambitious fleet electrification goals, had the industry poised for strong annual deliveries, while making significant progress in the deployment of zero-emission public transportation. COVID, combined with fleet electrification planning, has resulted in delays and many multi-year bus procurements, and the remaining ones have been very competitive. Fortunately, we have worked closely with our customers to participate in pilot zero-emission bus programs and win transactional business through state contracts. But the current crisis has tempered agency's attention somewhat from capital procurements. On the private motorcoach front, we were expecting approximately a 4% decline in private sales for 2020. This market has historically run in 12-year cycles, and you can see deliveries peaking in 2017. When COVID hit, charter and long-haul operators paused their operations as travel and tourism effectively stopped. Consequently, lending organizations also slowed down financing for the sector. This has resulted in an 85% decline in private motorcoach industries during the COVID timeframe. We continue to watch recovery drivers such as return-to-work, return-to-school, collegiate and professional sports, and tourism, while staying very close to our customers. We've been active in advocacy efforts alongside the American Bus Association in Washington DC for COVID relief funding, and have been fortunate enough to increase our market share to 64% during this time, due to our strong customer base. During this disrupted market, we've taken the opportunity to dramatically adjust our cost structure and reduce our inventory of pre-owned coaches. We're hopeful that the recent activity in Washington, along with the rollout of the COVID vaccine, will be a catalyst for recovery in the space of schooling, sports, and tourism.

Slide 87: Historically, ridership alone has not driven market demand for transit vehicles, but availability of public funding has. During this global pandemic, governments on both sides of the board have



recognized the critical role transit plays in re-mobilizing cities and supporting economic recovery. Throughout 2020, there's been a tremendous amount of activity focused on obtaining relief funding to offset the lack of farebox and contract revenue. In the U.S., the Coronavirus Response & Relief Supplemental Appropriations Act of 2021 was recently signed into law on December 27, 2020. This bill builds on the CARES Act for 2020 and includes \$14 billion for public transit, as well as \$2 billion for private operators, which is certainly good news. In Canada, we saw the federal government fund public transit operating expenses for the first time ever in 2020 under the Safe Restart Agreement. This emergency relief funding provided \$2.3 billion in funding for public transit, with a 50-50 cost share agreement and augmented provincial and municipal support for transit systems. Both of these initiatives have kept public transit moving in North America. But bus procurements tend to move forward when there is funding certainty. The USDOT fiscal year 2021 appropriations, along with the Investing in Canada Infrastructure Program and Gas Tax Funds, will help transit agencies plan fleet replacements, including the transition to zero-emission public transit. Looking forward, we are encouraged by the desire of both President Elect Biden and Prime Minister Trudeau to rebuild a cleaner and more resilient economy through investments in zero-emission and low-carbon public transportation. The theme of Build Back Better is clearly resonating on both sides of the border. The Biden priority is to “provide every American city with 100,000 or more residents with high-quality zero-emission public transportation options through flexible federal investments,” and Trudeau’s plan has an aggressive target of 5,000 zero-emission buses and coaches by 2025. And, so, throughout the coming year, the U.S. Congress and the Senate will work to complete the next 5-year surface transportation bill reauthorization, building on the 2020 INVEST act. And, in Canada, the Healthy Environment and a Healthy Economy Climate Plan will roll out. We will make sure our voices are included in advocacy efforts. At the end of the day, we remain very optimistic that our industry can also use this opportunity to advance National Climate Change objectives, at the same time as supporting manufacturing jobs throughout the supply chain.

Slide 88: We've been extremely pleased with the performance of our zero-emission bus program this year. Throughout 2020, we delivered 194 battery-electric and fuel cell buses to 17 cities across North America, most of whom also required our support with the installation of charging infrastructure. As a result, we saw our infrastructure solutions business grow by more than 700%. We're extremely proud of our 85%-win rate for zero-emission procurements and our best-ever performance with FTA Low-No grants. Our participation in these pilot programs will set us up for success in the future. We're also excited to see our first public battery-electric coach order for MCI of 25 coaches. They will be delivering these units in 2021.

Slide 89: As you heard from Paul this morning, and as you can see from this map, we've been extremely active over the past couple years, having been awarded zero-emission bus programs in cities across North America, including some of the larger metropolitan cities, such as New York, LA Toronto, Montreal, Seattle, and Boston, to name a few. From specification development through to bus construction and bus delivery and charging infrastructure installation, these projects typically take about 18, sometimes 36, months to complete, and large cities require rigorous testing and evaluation to qualify buses before purchasing zero-emission buses at any kind of scale. And part of our success can be attributed to having onsite field technicians at each customer location to ensure a successful deployment.



Slide 90: New Flyer has the widest zero-emission product offering in the industry. Our Xcelsior CHARGE™ battery-electric bus and Xcelsior CHARGE H2™ hydrogen fuel cell electric bus, alongside our tried and tested trolley electric bus, are 3 zero-emission options currently in service across North America. The Xcelsior CHARGE™ is available in 35-, 40- and 60-foot models, with both long-range and rapid-charge configurations. Our designs are interoperable, upcharge compliant, and following all SAE standards. The Xcelsior CHARGE H2™ is available in 40- and 60-foot models, and it's noteworthy that fuel cells now comprise about 10% of our zero-emission house builds, and growing. All are built on the proven and qualified Xcelsior transit bus platform, providing industry leading great ability and passenger load-carrying capacity. 2021 will see us add both the public and private motorcoaches to MCI's zero-emission portfolio.

Slide 91: Supporting zero-emission operation takes the power of analytics, and, for New Flyer, this includes the New Flyer Connect360™ over-the-air technology to harness data for better efficiency, operation, and performance. 20 years back, I would bet you didn't think you could manage a bus fleet from a mobile phone, but here we are today. This ability has proven especially critical in understanding bus performance and energy usage through extreme climates and conditions, which I'm proud to say our buses have steadily performed through. Heating and cooling, average speed, number of stops per hour, climate, topography, re-gen braking; all that significantly affects energy consumption and range, and being able to track these key metrics is critical for our customers. This data helps influence choices for charging strategies and future bus configurations. All of our Xcelsior CHARGE™ and Xcelsior CHARGE H2™ vehicles are monitored via telematics on a daily basis to ensure they are achieving service demands and properly charging. The same technology will be deployed on all of our MCI electric coaches, too.

Slide 92: Speaking of infrastructure, this is the most critical part of a zero-emission bus adoption, and the most influential factor of success behind an electric bus deployment. For us, it's also a growing business and cause for optimism. We proudly offer New Flyer Infrastructure Solutions™ as a full-suite service. This team, which has grown since first announcing it in 2019, is dedicated to providing safe, reliable and optimized charging services, and to-date has installed over 170 chargers across North America. Energy optimization, design and installation of wayside and depot chargers, coordinating UL certification site visits, on-site grid-to-bus testing and commissioning, providing engineering services, and financial projections are just some of the tasks this team takes on. And we have been absolutely thrilled with the year-over-year growth, and expect it continue in line with our zero-emission bus deliveries.

Slide 93: Looking ahead to 2021, it's remarkable to see the appetite for zero-emission public transportation has not waned. Pilot programs of 2018 to 2021 have paved the way for regular multi-year procurements of electric buses intended for replacement orders, and we're seeing increased interest in fuel cell electric vehicles, especially from some of the battery electric early adopters. Zero-emission motorcoach adoption is starting in the public and employee shuttle space, and will likely move slowly throughout the private motorcoach segment. As a result, zero-emission bus production is now forecasted for all of our plants, and we anticipate approaching 30% of our production being zero emission by 2023, which is also expected to outpace the industry market percentage of zero-emission bus deliveries.



Slide 94: 2021 will be an extremely busy year for us with respect to technology deployment. Over the next few months, our Vehicle Innovation Center will host digital product launches for all NFI Group North American products. New Flyer is launching its third-generation battery-electric bus and the industry's first SAE Level 4 automated transit bus. MCI is launching its battery-electric low floor commuter coach, and its battery-electric motorcoach, and Infrastructure Solutions will expand to support charging infrastructure for all North American NFI Group battery-electric vehicles, which includes ARBOC and ADL. Here's a sneak preview of what's in store for 2021.

Slide 95: This is our Xcelsior AV™, which is North America's first SAE Level 4 automated heavy-duty transit bus, which will enter our assembly line in mid-year of 2021.

Slide 96: The Xcelsior CHARGE NG™, or next generation, is our next generation battery-electric bus and this first one is already on the production line as we speak.

Slide 97: The D45 CRTe LE CHARGE™: this is MCI's low entry battery-electric commuter coach for the public market.

Slide 98: And the J4500e CHARGE™: this is MCI's battery-electric motorcoach for the private market.

Slide 99: Today, all of our major manufacturing facilities are now capable of producing zero-emission buses. We've made the investments in personal protective equipment, tooling, battery manufacturing cells, commissioning bays, charging infrastructure, and hydrogen fueling capabilities. We've also heavily focused on investment in workforce development to the tune of 150,000 training hours per year. Our teams can now package batteries, install fuel cells, work with high voltage commission charge, maintain and support zero-emission buses. We've grown our Infrastructure Solutions™ business, adding a highly skilled team of electrical and construction engineers capable of providing turnkey charging solutions. And creating digital content has resulted in a 673% increase in attendees for our Vehicle Innovation Center's Technology Days, which is accelerating the knowledge transfer to facilitate successful deployment of zero-emission buses. These early investments, combined with available aftermarket parts inventory, daily monitoring of the fleet, and over-the-air software updates, and a team of trained field service technicians to support buses in service has positioned us in an exceptionally healthy position for growth in the zero-emission bus space.

Slide 100: Ultimately, COVID accelerated what was already in front of us. This global crisis, terrible as it has been, has provided some great opportunity. The transition to zero emission has never had more momentum, and transportation has taken center stage as a critical enabler in mobilizing our economy and our cities. 2020 is our decade of change. This decade is about optimizing our operation, reducing our cost base, and demonstrating our ability to realize the potential of technology. We've already made the right investments in responsible, sustainable zero-emission transportation. The difference with us is, we're not just talking about doing this, we're already there. Thanks for your time this morning, and I'll now pass you over to Doug Minix to provide an update for ARBOC.

Slide 101: ARBOC



Doug Minix, General Manager, ARBOC

Slide 102: Thanks, Chris. Hello, everyone and welcome. My name is Doug Minix. I joined the NFI team a little over a year ago as General Manager for the ARBOC Specialty Vehicles business. I'd like to take the next few minutes to introduce ARBOC to you. We are the leader in the North American low-floor cutaway market. ARBOC serves a low floor segment of the total cutaway market. This is a great complement to the New Flyer transit business. We meet the demand for easy access for those requiring special accommodations. ARBOC was founded in 2008 in Middlebury, Indiana, where we are located today. We have produced well over 4,000 buses since the beginning, and have grown to over 103 employees. Our current book of business is strong, with 350 plus units in queue. We also operate through a dealer network of 13 independently owned and operated dealerships, with 31 locations in North America.

Slide 103: 2020 presented many challenges and opportunities. We were off to a great start, tracking well above our plan, and then the pandemic hit. We paused our operations. We restarted in late May [2020], then the second wave hit us in November [2020]. At that time, we experienced very high absenteeism, and our suppliers were also negatively affected. The opportunities are still there. We're executing on existing contracts, and we're gaining more business and more market share. We're increasing our throughput, which means more sales. We continue to leverage the New Flyer supply base, and we're launching the electric Equest, our zero-emission market disruptor, while utilizing New Flyer EV expertise. We also will be executing our strategy on the low-floor electric cutaway.

Slide 104: Looking at our market, the update and recovery: we enjoy a 75% market share in the low-floor segment of the overall cutaway market. The cutaway market has been strong and remains strong in 2021, and will continue to grow in the out years. We're integrating some design and enhancements on the Equest platform, as well; those will go into production in early 2021. As I mentioned earlier, we have a strong order book with over 350 units in queue. We're very excited about our market.

Slide 105: Let's not forget the impact of the zero-emission demand in our market. This chart shows our conservative estimates for the next few years. I personally believe the demand to be much greater going forward. This is an opportunity for solid growth in the out years. The outlook is extremely positive, and we are dedicated to grow to meet the demand.

Slide 106: Here's a snapshot of the products that we offer at ARBOC. We have two distinct categories. First is the Equest, our low-floor mid-size medium duty transit shuttle bus. It's a monocoque design built from the ground up in our facility with capacity of up to 33 passengers. Second, we have the low-floor cutaways offered in three models: the Mobility, which has our kneeling suspension capability, can carry up to 21 passengers (it's also the chosen platform for our future electric cutaway); the Freedom, a low-floor fully accessible non-kneeling product; and, finally, the Independence, which is our smallest lowest cost low-floor fully accessible option. We utilize multiple OEMs for chassis and chassis components for these units.



Slide 107: Moving on to the zero-emission evolution. We are excited to talk about our new Equess CHARGE™, ARBOC's zero-emission battery-electric bus. This beauty is built on traditional Equess platform and offers a 200+ mile range that can be expanded. We're fortunate to have New Flyer expertise in battery electric assisting us. Their Xcelsior CHARGE™ technology is a big part of what we have included in the Equess CHARGE™. We will be launching the Equess CHARGE™ in the second quarter of this year [2021], as well as getting our test vehicle through Altoona. Remember, this vehicle, like all of our products, is designed, sourced and built in America. We are very, very proud of these accomplishments.

Slide 108: Another one of our exciting projects is electrification of our low-floor cutaway. This is equally important to ARBOC, our dealers, and the customers that we support. We are targeting launching the new vehicle and marketing production next year [2022]. This project is well underway. As mentioned earlier, we will utilize the Ford E450 cutaway platform. This vehicle will have low-floor capabilities, and an estimated range of 250+ miles, and fast charge options. It will be 100% all-electric and be completely Buy American compliant. As I mentioned, demand will only continue to grow as states legislate the use of electric vehicles. For example, going forward, California is mandating, through a general gradual progression, that all vehicles with 14,000-pound GVW be electric. These actions will continue to drive demand.

Slide 109: In closing, I want to leave you with our go forward strategies:

- Increase market share of low-floor medium duty buses;
- Utilize our variation reduction program that improves quality, longevity, as well as overall customer satisfaction, while helping us to increase our build rate;
- Increase efficiency and eliminate waste through the New Flyer Operational Excellence Program and utilize our lean expertise;
- Electrification of our low-floor medium duty, as well as our low-floor cutaway products;
- Leverage improvements and collaborations with our sister divisions; and
- Continue to be diligent and enhance our Buy America compliance and sourcing strategies.

Overall, our future's bright at ARBOC. We're very excited for the new year brains. That's the ARBOC business. Thank you for your time. I would now like to introduce Paul Davies from Alexander Dennis.

Slide 110: Alexander Dennis Limited (ADL)

Paul Davies, President & Managing Director, Alexander Dennis Limited

Slide 111: Thank you, Doug. As this is my first Investor Day, I thought I should take the opportunity to introduce myself. I'm a seasoned veteran of the bus industry having joined Alexander Dennis back in 1997. Before returning to the UK in the summer of last year, I spent 20 years in Asia Pacific where I led the development of the business in that region. I had the pleasure of working very closely with Colin Robertson over the past 13 years, and, although I have picked up the baton at an incredibly tough moment in time, I'm really excited about the challenge ahead. COVID has forced us to make some tough decisions to realign the business to the economic reality and prepare it for long-term growth. A bit about ADL at a high level: we are a global leader in the design and manufacture of single- and double-deck



lightweight buses and coaches. Our business consists of three very strong brands: Dennis founded in 1895, Plaxton in 1907, and Alexander in 1924. So, a combined 300 years of expertise, knowledge, and a long track record of product innovation and ability to develop new markets across the globe. We have a proven track record of consistently maintaining a market leading position in our core markets for all proportion variants, with our core markets being the UK, Asia Pacific (specifically Hong Kong, Singapore, and New Zealand), and North America. With a history in large installed fleet base with a very strong aftermarket business, and extensive support network, we're delighted to be part of the NFI Group, and has been great to see the traction we've been getting in terms of sharing resources, expertise, and know-how over the last 12 months.

Slide 112: Before we delve into the many positive activities that we are working on, it's important to set the scene as we reflect on the disruption that we faced in 2020. Our industry has been hit disproportionately hard since day one of the pandemic, with governments, particularly in the UK, telling the public "not to use public transport unless absolutely necessary." As a result, we saw bus patronage drop by nearly 80% at its worst point. As a consequence of this, operator's farebox income was hit hard, and we saw many new bus orders cancelled or delayed during this extended period of disruption. But, despite the setback, we did not sit still and feel sorry for ourselves. We quickly put ourselves on a steady diet of self-help. We have taken swift action, reducing our UK cost base by around 25%, ceasing manufacture at our plant in Guilford, and moving over \$35 million of annualized costs. We've also been actively engaging with governments and our core markets to help stimulate demand in an industry that can play a pivotal role in the green recovery. Our international markets remain our growth engine, and we've continued to continue to leave foundations during 2020 to ensure that new markets, such as Berlin and Ireland, will contribute to 2021 and beyond. As I mentioned earlier, we are very fortunate to have a strong international business, coupled to a healthy aftermarket business, which has quickly recovered to pre-COVID levels. There is clearly momentum around zero emissions. But it's important to highlight that, as we embrace the **ZEvolution™**, we cannot ignore of conventional ICE, and, indeed, hybrid business, which will represent over 60% of our annual sales volume in this coming year. We will remain at the forefront in these areas, and, therefore, we can easily adapt to the pace of change whatever form that takes.

Slide 113: The UK market is the bedrock of the ADL business, and, taking a look at this in a bit more detail, you can see how severely challenged 2020 was, in addition to the relative underinvestment in prior years. We have consistently held a market-leading position and will remain well placed as we look ahead thanks to a product range that covers all of the technology bases, and that is something that sets us apart from our competition. With a strong green agenda within the UK and Scottish Government's, combined with the underinvestment that I mentioned earlier, we are confident that we will see the UK market start to recover in 2021, with this trajectory continuing in the years beyond. We feel confident, while remaining healthily paranoid, that we can be the major beneficiary of this recovery.

Slide 114: Zero-emission buses are becoming more important to us than ever before, and we expect our volumes to grow to 30% of our annual deliveries in 2021, and we expect that growth to continue across all of our markets in the years following. We knew it was coming, and we invested heavily in R&D accordingly. It was a question of when and not if, and, arguably, the government support that as emerged



as country's think about how to recover from COVID has been a major catalyst of change. And, as I mentioned earlier, whilst the pace of transition to a ZEBs increases, we remain well placed in the conventional sector, too, a sector which is not under attack from newcomers.

Slide 115: And this is not our first rodeo either. Our first ZEB bus hit the road in 2016, and the depth of our offering and capabilities have expanded rapidly with strong ambitions in each of our markets in terms of scope and size of ZEB offerings. It's worth noting that the same level of customization across our single-deck and double-deck products is necessary for ZEBs. That is what our customers want, and we have the know-how, expertise, and the business model to support them. And as you can see from the timeline at the bottom, how quickly battery technology is evolving, and we have fully embraced this by continuing to develop our products to ensure that we remain at the forefront of technology.

Slide 116: And these are not unrealistic forecasts. We are not developing new markets from scratch or looking to build buses of *unobtainium*. We have successfully delivered or have an order over 500 zero-emission buses to date, and we have products available to our core markets in the UK, Asia Pacific, and North America. We are walking the talk already, with a market leading position in the UK, New Zealand, and our vehicles in London alone have accumulated over 14 million zero-emission miles so far. But each market is different. It is very much *horses-for-courses*, and no one size fits all. And that goes for both the size, shape and specification of the bus, as well as a technology solution. As part of a successful global growth story, we've adapted the way we do business. We have regionalized assembly where appropriate to optimize costs and to meet localized content requirements, while deepening partnerships with key systems partners.

Slide 117: Speaking of partners, we are very fortunate to have a very strong relationship with BYD. Strategic partnerships in the automotive space are not uncommon, and they have played a pivotal role in our **ZE**volution™ story. The ADL philosophy is to collaborate with the best-in-class technology partners to both advance our expertise and deliver a market-leading product. We are experts at integrating different technologies into our product platforms, allowing continuous innovation and flexibility to support our customer needs. Our ZEB journey commenced in 2016. Working in partnership with BYD enabled our business to react to market demands rapidly, quickly developing single- and double-deck products for the UK market. And, as I showed earlier, we have progressively introduced new variants that incorporate the latest battery technology. The approach we adopt, the partner we choose, the system we integrate, is carefully selected for the needs of the market. Our EV solution can be provided in tandem with a partner, as it is with BYD, or as integrated product offering as we have in our North American Enviro500 double deck, and which will be carried forward to our offering in Asia Pacific.

Slide 118: And our development journey does not stop. We are continually focused on incorporating next-generation technology into our vehicles, offering operators better performance, while maintaining our competitive edge. As we look out to 2021, we will be adding a next-generation hydrogen double-deck to our UK product lineup. This has been developed in-house, taking on board the learnings from our first-generation product, but it's also being supported by the learnings from across the Group, given New Flyer's extensive experience of fuel cell buses in the North American market. Internationally, our APAC electric double-deck product is in the design phase, ready to serve existing long-standing customers who



are starting to transition to zero emissions. And as we look out to 2022 and beyond, we will also be developing a European solution to meet customer requirements that are aligned to our ambitious expansion plans in Europe.

Slide 119: As I mentioned earlier, despite the headwinds faced in 2020, we are encountering a tailwind we have never had before – more government involvement and more subsidies available to bus operators; this is changing the market dynamics. As Paul Soubry mentioned earlier, the UK Government has made strong commitments to deliver green buses, with the headline grabber being to invest in at least 4,000 more British-built green buses. Recent announcements confirm £120M of this will occur in the next financial year. Looking beyond that 4,000 green bus commitment, the policies and changing landscape paints a clear roadmap to a ZEB-led recovery: we are seeing TfL, with the largest EV fleet in Europe, eager to accelerate their plans to fully electrify their fleet; and, in Scotland, after a successful first round of green bus support announced in September [2020], of which ADL secured ~85% of orders, we have commenced detailed discussion on a much larger round two. In conjunction with this, the Scottish Government has committed to £120M of government financial support over the next 5 years to decarbonize the bus sector in a way that is good for passengers, businesses, the workforce, and the climate.

Slide 120: And this sentiment isn't just coming from the UK and Scottish Governments; major bus operators have also made firm, public commitments as they start to embrace the **ZEvolution™**, too. Across the board, we are seeing ambitious commitments to substantially decarbonize bus fleets, and, as you can see from our product line up, we are very well positioned to support the industry on this journey.

Slide 121: In our core markets, the UK is likely to lead the **ZEvolution™**, but our international markets are not far behind:

- In NZ, the recent election results and renewed political commitment to EV bodes well for the us, having recently announced that we have re-established our partnership with Kiwi Bus to assemble ADL zero-emission buses in territory;
- The HK government are showing heightened commitment to green innovative transport solutions, which will include trials of battery-electric double-decks and;
- Commitments from the NTA in the Republic of Ireland to invest in a further 800 zero-emission buses, with a tender recently released;
- And changing political dynamics in North America are accelerating ZEB demand, as Chris outlined in his presentation.

Slide 122: Although the **ZEvolution™** is providing a welcome tailwind, our growth has traditionally been created in new international markets, and 2020 has showcased a number of examples where we have fully embraced this, starting with BVG in Berlin. Providing a gateway into the wider European market, securing this flagship contract in Berlin will have a transformational impact on our European business. With a framework agreement for up to 430 buses signed in October 2018, we have developed a product with a unique 3-door, 2-staircase design to meet market specific requirements. With the prototype vehicles delivered to the customer in November [2020], after successful trialing, we are planning to commence series production later this year.



Slide 123: 2020 also saw ADL breaking into the Irish market, where we signed a framework agreement with the NTA for the delivery of up to 600 hybrid double-deck buses, with firm orders for 280 buses already placed. Whilst these buses are diesel-electric hybrid, they have the ability to operate in Electric Range mode, so have zero-emissions capability for those parts of the route where reducing roadside emissions and improving air quality is a priority for stakeholders.

Slide 124: So, with COVID creating a period of temporary market disruption, we have reacted, realigned, and refocused to ensure that we are well positioned to return to long-term growth. We have embraced the challenges and opportunities presented by a one-of-a-kind 2020. The green recovery has become increasingly apparent amongst governments and customers, both domestically here in the UK, and also internationally, and our well-invested, well-supported ZEB product range is ready to support this ambition. This is not a *paper-takes-on-anything* exercise; we have a proven track record of building and delivering on this. The strength of the Alexander Dennis brand and our commitment to providing our customers with a competitive product and support proposition gives them confidence. Our international markets have been our engine of growth in the past, and nothing has changed in that regard. We continue to selectively go into markets that are best suited to the Alexander Dennis skill set. 2020 has laid the groundwork for both Ireland and Berlin, and we will reap the benefit of this in 2021. You've heard consistently throughout the presentations that the Group are well placed to maximize the opportunity afforded to us by this **ZEvolution™**. And I hope that I've been able to articulate how we ADL are well-invested across our product range, our customers, our markets, and aftermarket infrastructure to be able to not only embrace the shift to zero emission solutions, but to continue to serve our customers during their own zero-emission transition, while supporting the needs of conventional fleet. Thank you very much. I'll now pass you over to Brian Dewsnap of NFI Parts.

Slide 125: NFI Parts

Slide 126: Brian Dewsnap, President, NFI Parts

Thank you, Paul. I'm Brian Dewsnap, the President of the NFI Parts business. We are the aftermarket arm of the NFI Group. We sell parts into all of the OEM vehicles, as well as vehicles that were designed and built by other manufacturers. We are truly a motorcoach, transit, and cutaway parts business, looking to sell across all vehicle platforms in the industry. We've been around for 90 years, as long as the bus company has been around, and we service our customers out of our 7 parts distribution centers that have about 700,000 square feet of warehouse space.

Slide 127: I'd like to talk a little bit about the history of NFI Parts. There have been various different acquisitions over the years. In 2016, we put the New Flyer and the NABI parts businesses together, and rebranded the company as NFI Parts, and then we put the other acquisitions together. In fact, right now, we're in the middle of putting the Alexander Dennis business in North America into the NFI Parts business; we're doing that as we speak.

Slide 128: 2020 definitely brought us a number of challenges. We saw the public business operate more or less as normal. It was down a little bit, roughly at the 90% range, but we saw a number of quote activity,



and a lot of sourcing going on. The private business was impacted more greatly than the public business; it continues to operate at about a 30% level. As we do surveys of coach utilization, we see that, as well. And that's been pretty consistent over the fourth quarter. And then from an opportunity standpoint, we spent a lot of time and effort in 2020 putting together a portfolio of COVID-related products that would help improve the safety on our customers' vehicles. We've developed a line of ventilated roof hatches, drivers' barriers, ultraviolet lights, and air and surface purification units. And all of that combined to be opportunities for our customers to increase the level of safety on their vehicles.

Slide 129: I'd like to talk a little bit about the various different markets that we operate in, the first one being the public market. We do about 60% of our business in this public market, roughly 100,000 orders a year. Most of these customers buy higher quantities of parts, so we're shipping about 75% of our orders on pallet shipments, where we're shrink wrapping a larger quantity of parts on pallets. And there are a number of large customers that comprise about 80% of the total sales here.

Slide 130: This market has done really well; it's held up and has been pretty resilient during the pandemic. We expect the first half of 2021 to be somewhere between 90% and 100%. And then as we look at the second half of the year, there was some question about funding. We're really excited about the recent bill passed in Congress that will add some additional funds into both the public and private spaces, and we think that'll get us closer to the 100% of normal. And then once we get to 2022 and beyond, we expect it will be back to normal when it comes to the volumes in this public market.

Slide 131: The private market has a far greater number of customers, with about 3,000 customers. We do about the same 100,000 orders on an annualized basis. This market is different in that 75% of what we ship is going into partial shipments, or, if you think about a box with a single part or maybe a couple of parts, they're buying far fewer quantities of parts, but about the same number of orders. This is a very fragmented market; there are no really large players that dominate this.

Slide 132: We expect that the next six months will be about where we are today, somewhere between 30% and 40%, maybe a little bit of growth with the stimulus bill that was recently passed providing a couple billion dollars into the private market. We think the second half of the year will see some growth; we expect to be about in the 50% to 60% range, with sports teams and various different tours and charters and employee shuttles getting back with the vaccine availability. And then we expect 2022 and beyond to be back somewhere in the 80% to 100% range as we see this business continue to recover.

Slide 133: And then, lastly, our programs. Not a huge piece of our business, at 3% to 5%, but, it is important, and we do well here. This business would be anything, you know, a 3-month program to 18-months in duration. You'll see vehicle retrofits, technology upgrades, or vehicle refurbishment programs where they might come in and replace the flooring and the seating and just giving the bus an upgrade.

Slide 134: We've won a lot of business in 2020 in this area. We expect the first six months of 2021 to be at 180% of what we would consider a normal level. And then the second half of the year, we expect that



to mitigate a little bit and drop down into the 130% to 110% range. But we expect this to be back to normal when we come to 2022 and beyond.

Slide 135: I'd like to talk a little bit about the couple of different delivery models. Based on the acquisitions and how the companies have been put together, we have very sophisticated customer and public transit agencies who have formal RFPs with a lot of rules and regulations varied within those that we comply with. And we also work with customers that may operate one or two vehicles, and they're very transactional in nature. They may just simply buy through our webstore. And, so, we're capable of working with customers anywhere on that spectrum. I'd like to talk about two different delivery models, first being vendor managed inventory. That's a program where we will hold inventory specifically for a customer and that customer agrees to only buy that set of parts from us. It's beneficial for both of us because it really cuts down on the amount of administrative work required to do all the sourcing and quoting and things like that, and allows us to really just to concentrate on parts supply, and really hitting a pretty high availability rate. The other delivery model I'd like to highlight are parts kits. A lot of maintenance jobs will require multiple parts, 15 to 20 different parts to do a job, and customers may not have inventory and everything or may not be able to put that all together. Our parts kits allow for a single box to come, and they can do an entire maintenance job with that box. Everything you need comes in that kit, can simply get taken to the vehicle, opened, and then away you go.

Slide 136: When it comes to zero-emission buses, you've heard a lot of exciting things today about the manufacturer of zero-emission buses, and we're here as a parts organization to support that transition. We've done a lot of foundational groundwork in getting our system set up with batteries, traction motors, and all the things that zero-emission buses will need. And we're excited about that transition and supporting our customers in that way. We believe that as the OE, we will have a unique role. As the technology continues to increase on these vehicles, our ability to support that as an OE is just elevated. Our competitors are going to have a hard time supporting this, as they won't have access to the same engineering drawings and technical support that we have access to.

Slide 137: From a service standpoint, we have some award-winning training programs. We've seen a dramatic increase in the amount of participation of our online service offerings. We've seen a lot of classes that have been taken over the last 10 months or so. We also provide accident services. So, for buses that need a major repair from a major accident, we're usually the first call, and we can outline an entire parts package that's required to get that bus back into running in good working order.

Slide 138: We have a number of wonderful partnerships. As the largest OE in North America, we have deep and long relationships with our supply base. That allows us to have the lowest cost basis and use that in the industry to capture some pretty good market share. We've also developed a couple of private label brands: our Kinetic brand and our SVP brand. We are an OE-first company. We like to sell the parts; we think that's the best design. But we do have a number of customers that want to participate in the value end of the spectrum, and so we developed these two brands so that we can service them and have products that they can purchase from us, as well.



Slide 139: And then, lastly, our strategic priorities. We continue to build out our all-makes strategy. We continue to do cross referencing on competitors' vehicles and build out our portfolio parts that we can sell onto any vehicle, not just the vehicles that we make. And we also continue to build out our private label offerings to compete for those value-minded customers that I just referenced. Our NFI Forward project, the integration of Alexander Dennis and the footprint rationalization: we're well underway with that; we should be completed with that in the first half of 2021. We're excited about the transition to electric buses. We believe that there are some revenue-based service models that we're working on, and we should be able to build a business out of that. We're excited about working with our customers and being able to support them in that transition that as they as they move into that type of vehicle. Turning to the cutaway offerings. Today, we support the ARBOC business and make sure that those vehicles operated in the marketplace. We're excited about expanding beyond ARBOC. A lot of our customers today operate motorcoaches and transit vehicles. They also operate cutaway vehicles. So, we have the infrastructure, we have the customer contacts, we have the parts distribution model to service that, as well. We're looking forward to expanding our reach there kind of beyond the ARBOC product line. And then, lastly, our vendor managed inventory programs: we're really interested in continuing to build those relationships with customers. We view those as multi-year relationships, and it's been really beneficial for us and our customers to be able to move into that type of an offering and be able to service them in that way. We're excited about the future at NFI Parts. We are excited about 2021 and the opportunity to participate as the business continues to grow and return to normal levels. I appreciate your time, and we'll turn it back over to Stephen.

Introduction to Pipasu Soni, Executive Vice President, Finance & Chief Financial Officer

Slide 140: Stephen King, Group Director, Treasury, Corporate Development & Investor Relations, NFI

Thanks, Brian [Dewsnap], and to all the Presidents for those market updates. We will now have our EVP and CFO Pipasu Soni discuss how the priorities and plans you heard from today's sessions will drive our financial results for 2021 and beyond. We were very pleased to have Pipasu join our team 13 months ago, as he brings a wealth of experience in business transformation, performance and process improvements, capital management, and strategic planning. Prior to joining NFI, Pipasu worked with the United States Steel, Pentair, and Honeywell International.

Financial Guidance & Outlook

Pipasu Soni, Executive Vice President, Finance & Chief Financial Officer, NFI

Thanks, Stephen [King]. And thank you for joining us for our Investor Day. I'm Pipasu Soni, the [Executive Vice President, Finance, and] Chief Financial Officer for NFI Group. Today, I'll provide a recap of 2020, including our most recent credit agreement, and provide insight into our financial projections for 2021 through 2025.

Slide 141: As you heard throughout today's presentation, the 2020 pandemic hit the bus and coach industry hard. It was my first year with the company, and one I won't soon forget. When we started the year, we were extremely optimistic that, based on our order book, and the addition of ADL, we would deliver a record financial year that would see us meet or exceed our original external guidance of \$320



to \$350 million. When we provided this guidance during our Q4 2019 earnings call, initial news of COVID-19 was surfacing, but it had not materially impacted NFI operations and didn't appear it would be a significant issue. A few weeks later, the world changed. We immediately mobilized and moved to a proactive approach by idling the majority of our facilities for more than two months and providing daily communication on COVID-19 measures across our company. We accelerated our 3-year business strategy by launching NFI Forward, which I've previously discussed, to right-size operations and lower fixed costs. We took advantage of tax deferrals put into place by various governments, and we utilized CEWS and UK furlough schemes where available. We revised our credit agreements twice, to provide more flexibility to navigate through the crisis. And we placed greater visibility on liquidity and working capital improvements. As we close out 2020 and maneuver through COVID-related absences, we are pleased to reconfirm the guidance that we provided during our Q3 2020 earnings call of \$145 to \$155 million for the full year. It's a testament to our entire team that, even during a year that saw the lowest quarterly deliveries in our history, we rebounded strong and have positioned ourselves well for 2021.

Slide 142: While the pandemic created several challenges, it did not keep us from achieving several critical milestones in the finance and IT functions. These improvements included moving to a shared service model for accounting, treasury, payables and other back office functions; this not only provides efficiencies and cost savings, but also positions us to accelerate the integration of future acquisitions. We also incorporated a functionalized model for finance. We now have business finance teams focused on FP&A, or financial planning and analysis, versus the day-to-day accounting. This shift allows the business unit FP&A teams to spend more time partnering with their business unit leaders to identify and drive the best opportunities for EBITDA growth, and cash flow performance. We implemented several systems that drive visibility and common definitions across the company. For example, with Oracle EPM, using common metric definitions, we can better determine which teams are driving the performance for items such as inventory, and share best practices to help underperforming units. And, lastly, we moved from a business unit first approach in determining our IT roadmap to one that reviews and ranks priorities globally. I'm very pleased with the accomplishments by the NFI team, during a year of uncertainty, to help position NFI Group for long-term success.

Slide 143: As we close out 2020, I want to thank our banking partners in North America, and now in the UK, who have been instrumental in NFI Group's success. They have stepped up to ensure that we have enough covenant flexibility as we recover from COVID-19. As Paul and I have mentioned before, we didn't have a liquidity problem, but a covenant calculation problem due to the decrease in EBITDA during the COVID-impacted quarters of fiscal year 2020. As we began our fall planning cycle, we had greater visibility on the impact the pandemic would have on our 2020 results and greater visibility on the time and length of our market recoveries. This led to us obtaining a more flexible relief package in December [2020]. As we close out the year [2020], we expect our liquidity to be above \$220 million, even when factoring in the cancellation of our sidecar credit facility, which was never used. A few notes on the amended agreement. We use the conservative downside scenario for covenant calculations with expectations for a partial recovery in 2021 and stronger improvements in 2022 and beyond. Our total leverage covenant for 2021 is based on the downside model with some additional headroom, which provides NFI with significant calculation flexibility. As we move beyond 2021, and drop trailing 12-month results that include 2020 financials, we begin the return to more normal covenant levels. We have the



same minimum liquidity as before, of \$50 million, but now we have a debt capitalization covenant of 70%. We did provide general security due to the higher leverage ratios expected during quarters where the 12-month trailing EBITDA is using previous year COVID-impacted quarters. Please note that this security does not include fixed property, and, while it is a general security, mostly on working capital assets, there are no borrowing base requirements associated with it. Lastly, we will keep dividends at current levels provided we meet all financial covenants. Again, I want to thank the banks for their partnership and their continued confidence in the business and leadership team.

Slide 144: As we've now closed out 2020, we wanted to provide our expectations for 2021 and provide targets for the longer term. For 2021, we are slightly pivoting our internal goals to include an equal focus on EBITDA and cash flow generation, which ultimately will provide an accelerated path for debt reduction and EPS growth. The cash flow focus is primarily through working capital improvements, many that are already in progress through the NFI Forward initiative. Outside of operational improvements, we are also reviewing options for items such as tax structure to help in both EPS growth and cash flow generation. For 2021, we expect revenue to be between \$2.8 and \$2.9 billion and adjusted EBITDA to be between \$220 and \$240 million. This represents an improvement of over 50% from 2020 adjusted EBITDA levels. Within our manufacturing segment, we expect ZEBs to account for approximately 20% to 25% of revenue, based on our current order book. We plan to maintain our dividend at current rates and spend more capital versus 2020, based on NFI Forward requirements. In total, we expect capital spending of approximately \$50 million, with an approximate split of 70% for maintenance, and 30% for strategic NFI Forward projects.

Slide 145: As we think of the longer term through 2025, and with NFI Forward completed by the end of 2022, we see several factors that will drive growth, margin and ROIC improvements. By 2025, we expect revenue will be roughly \$4 billion, without any additional acquisitions. This growth is driven by market recovery in North America bus and coach, and UK transit, continued growth in our ARBOC cutaway and medium-duty markets, and ADL's international expansion in Europe and Asia Pacific. For 2025, top line growth and margin improvement expectations will also come as our manufacturing segments is 35% to 40% of revenue coming from ZEBs. 2025 adjusted EBITDA we expect to be between \$400 and \$450 million, with expectations that the private market begins to return to pre-COVID levels in 2023, and we experience significant volume drop through as we produce vehicles with a much lower cost base following the improvements generated by NFI Forward. As Ian mentioned in his presentation, we see an opportunity to remove 8% to 10% of both overhead and SG&A cost from 2019 level. When volumes return to those types of levels, NFI's revenues will be generated on a cost base that is more variable and includes a smaller fixed component. We expect ROIC will be above 12%. For ROIC, we've seen lower levels in 2019 and 2020, as we have made significant investments from 2017 to 2019 throughout our business. These investments and capital expenditures, ZEB production capacity, and acquisitions were all the right decisions and will provide positive EPS enhancement over long term, but required significant upfront investment. I have a very high level of comfort in achieving these targets by 2025, and I feel there is a potential to exceed. For now, we're taking a measured approach, with more conservative market recovery and private segments as we get through the pandemic.



Slide 146: To wrap up, I wanted to reiterate our capital allocation priorities. First and foremost, we are focused on reducing our leverage ratio through driving internal efficiencies and process improvements, specifically through the NFI Forward initiative. Second, we will continue to find the highest ROIC projects to ensure the greatest return for our shareholders. Next, we are committed to pay the dividend based on meeting our financial covenants, as we know the importance of this to our shareholders. Also, we're always looking for acquisitions, both bolt-ons and transformational. We've taken the current disruption as an opportunity to focus on our acquisition readiness plan, and we are investigating potential assets that may become available as we come out of the pandemic. Lastly, we do evaluate share repurchases based on stock price. We have a very focused approach that will drive significant value creation for our shareholders.

I'd now like to introduce the Chairman of the Board of NFI Group, Honourable Brian V. Tobin. As many of you know, Brian has been the Chair of NFI since it went public in 2005. And today, Brian is also the Vice-Chair of BMO. Previously, Brian served as the Premier of Newfoundland and Labrador and also served as a Member of the Canadian Parliament, holding a number of senior Cabinet positions, and has also served as a Director and Chairman of several Canadian publicly traded companies. Thank you again for joining us. I'd like to turn it over, Brian [Tobin].

Brian Tobin

Slide 147: Thank you, Pipasu [Soni]. Well, on behalf of the entire NFI Board, let me congratulate you on celebrating Year 1 as the CFO of NFI Group. And what a year you've had. Let me say, with pleasure, that you have risen to the occasion, and, for that, we thank you. It's been an exciting journey. As Chair of the NFI Board for the last 15 years, this business has evolved from a transit bus manufacturer solely based on the Canadian and U.S. market, to a leading global independent bus and coach player. I'm pleased to say we have a diverse Board with experience in governance, finance, technology, and M&A, and a solid working relationship with a superb management team led by an exceptional CEO in Paul Soubry. We're delighted that we've added two new members to the Board over the last period of time: first of all, Kathy Winter, who comes from Intel, who you heard from today, and I'm sure you were as impressed with her contribution as we are at the Board level each time she participates. Of course, we've also welcomed, with a lot of enthusiasm, the participation on the Board of Colin Robertson, the former CEO of Alexander Dennis, as our Vice Chair. Colin is European-based, and he adds unique insights into the market, the technology, the competitive dynamic, and the operations of our business there, and our business generally, all around the world.

To be blunt, 2020 was a hell of a year, no question about it; one we won't forget soon. COVID changed everything, and it changed it for just about everybody. But I'm incredibly proud of our management team, who have worked very closely with our Board to deal with these tough issues that we've had to face, with a laser focus on the safety, health, and welfare of all of our thousands of team members across North America, in Europe, and in Asia. Investor support over this time has been critical to our group's success, including our largest shareholder, Brazil's Marcopolo. I'd also be remiss not to recognize the support, the flexibility, and the creativity of our credit syndicate; that has also been critical to getting through 2020 in a smooth and effective way. The Board remains extremely confident in management and their capability.



As you've heard today, the team has a plan, which has the full support of this Board. We're excited to see the execution as NFI realizes upon the benefits of the significant investments that we've made in battery-electric and fuel cell propulsion, infrastructure and telematics solutions, internal fabrication capability, and operational excellence initiatives. NFI Group is an amazing story that sometimes flies under the radar of investors, but NFI has a historical track record of providing strong and consistent return to shareholders. The addition of ADL into the NFL Group midway through 2019, while stunted due to the COVID pandemic, creates both synergies and opportunities that will be realized upon in the medium term, and in the longer term. Make no mistake about it, ADL remains a rock-solid acquisition for the NFI Group. Combine that with the aggressive cost optimization and reduction efforts of NFI Forward that Ian [Smart] outlined today, and you will see that, as the markets recover, we are well positioned for continued and sustained success. We recently witnessed incredible excitement, as you well know, around EV startups resulting in unicorn valuations based upon incredible growth and performance promises. Well, as you've heard today, we're not a startup. We are quite simply the market leader. This market is not easy, but NFI is a proven success. Pipasu [Soni] has been very clear about our targets and the upside of where this business can grow. And, in my view, the upside is, quite frankly, in a word, significant. There's no doubt in our mind that NFI will lead the transition to zero-emission bus and coach transportation, and NFI will remain the market leader. We're out front leading the charge, and we're leading the change to EV technology. And we intend to stay there, front and center. Thank you. Stephen [King].

Stephen King, Group Director, Treasury, Corporate Development & Investor Relations, NFI

Slide 148: Thanks, Brian [Tobin]. That brings us to the end of our Investor Day. We hope you enjoyed the sessions and found them informative. Given the logistics of a virtual format, and the quantity of information we planned to share, we decided not to have a formal Question and Answer segment, but we are available for follow up meetings and questions at any time. Please do not hesitate to reach out should you have any queries. Thank you to everyone for joining us.

We'll be posting all of today's presentations and a video recording to our website shortly. Our plan is to make this Investor Day an annual event, and we hope you'll be able to join us in the future. As you heard throughout today's presentations, we have a lot of exciting developments and announcements in automated vehicles, battery-electric and zero-emission buses and coaches coming down the pipeline. Lots of exciting things to look forward to. Stay safe, and enjoy the rest of your day.