



Leading the **ZE**volution.™

UBS Energy Transition Call Series  
Investor Presentation  
Jun 25, 2021

# Cautionary Statement

Certain statements in this presentation are “forward looking statements,” which reflect the expectations of management regarding the Company's future growth, results of operations, performance and business prospects and opportunities. These forward-looking statements are made as of the date of this presentation and NFI assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws. See the Appendix to this presentation for more details about the forward-looking statements.

In addition, certain financial measures used in this presentation are not recognized earnings measures and do not have standardized meanings prescribed by International Financial Reporting Standards (“IFRS”). Therefore, they may not be comparable to similar measures presented by other issuers. See the Appendix to this presentation and the Company's related Management Discussion & Analysis (“MD&A”) for more information and detailed reconciliation to the applicable IFRS measures.

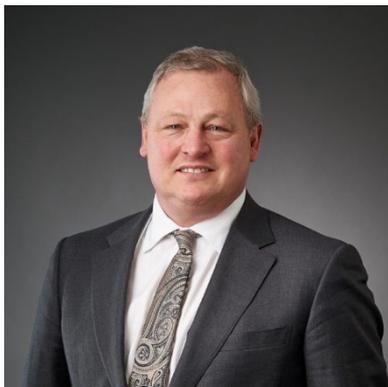
All figures in U.S. dollars unless otherwise noted.



## Key Terms

- Buses manufactured by New Flyer and ADL's single and double deck buses are classified as "**transit buses**". ARBOC manufactures body on-chassis or "**cutaway**" and "**medium-duty**" buses that service transit, paratransit, and shuttle applications. Collectively, transit buses, medium-duty buses and cutaways, are referred to as "**buses**".
- A "**motor coach**" or "**coach**" is a 35-foot to 45-foot over-the-highway bus typically used for intercity transportation and travel over longer distances than heavy-duty transit buses, and is typically characterized by (i) one or two axles in the rear (related to the weight of the vehicle), (ii) high deck floor, (iii) baggage compartment under the floor, (iv) high-backed seats with a coach-style interior (often including a lavatory), and (v) no room for standing passengers.
- **Zero-emission buses** ("**ZEBs**") consist of trolley-electric, hydrogen fuel cell-electric, and battery-electric buses.
- One **equivalent unit** (or "**EU**") represents one production "slot", being one 30-foot, 35-foot, 40-foot, 45-foot heavy-duty transit bus, one double deck bus, one medium-duty bus, one cutaway bus or one motor coach, whereas one articulated transit bus represents two equivalent units. An articulated transit bus is an extra-long transit bus (approximately 60-feet in length), composed of two passenger compartments connected by a joint mechanism. The joint mechanism allows the vehicle to bend when the bus turns a corner, yet have a continuous interior.
- Many public customer contracts include options to purchase transit buses and motor coaches in the future, and a large portion of the Company's order book is represented by "**options**" as opposed to "**firm orders**."

# On the call today



**PAUL SOUBRY**  
President and Chief  
Executive Officer



**PIPASU SONI**  
EVP Finance and Chief  
Financial Officer



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



NFI is a leading global independent bus and motor coach solution provider leading the evolution to zero-emission mobility.

Leading the **ZE**volution.™

## Market & Technology Leader



North American Market Leader in Heavy-Duty Transit Buses and Infrastructure Solutions



North American Motor Coach Market Leader



UK Market Leader in Bus and Coach; World Leader in Double Deck Buses



North American Market Leader in Low-floor Cutaway and Medium-Duty Shuttle Buses



North American Market Leader for Bus and Motor Coach Parts Distribution

# Precious Cargo: We exist **To Move People**



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

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



**WE PLEDGE** to be customer focused

**WE MUST EARN** the trust of those we serve and those they serve

**WE FOSTER** smart leadership

**WE BELIEVE** in sustainability

**WE VALUE** honest, hard work and teamwork

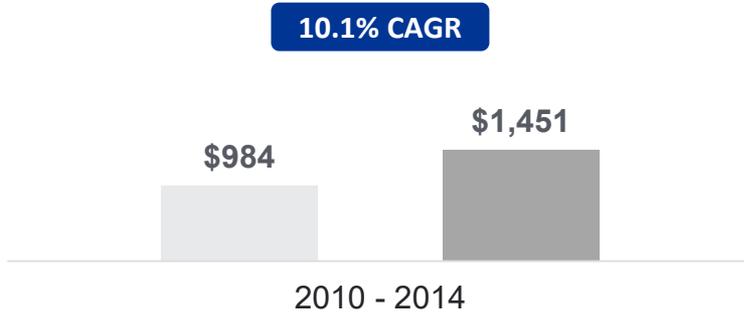


A better product.  
A better workplace.  
A better world.

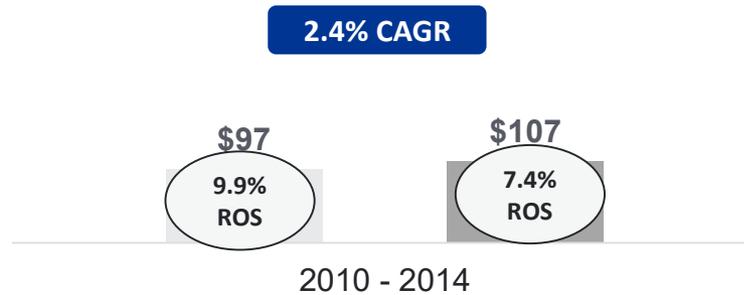
# Our history builds the foundation for our future

## North American Market Rationalization 2010 - 2014

REVENUE (\$M)



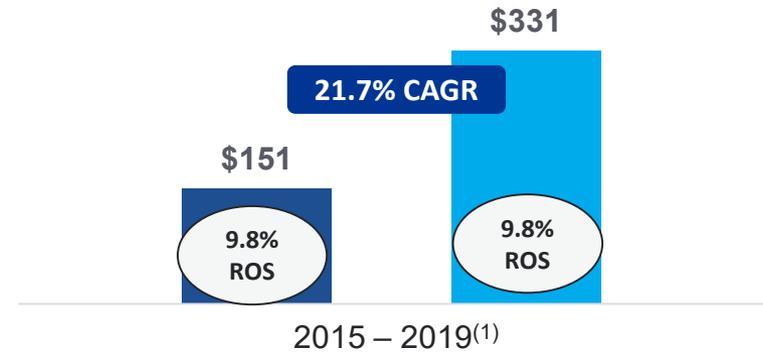
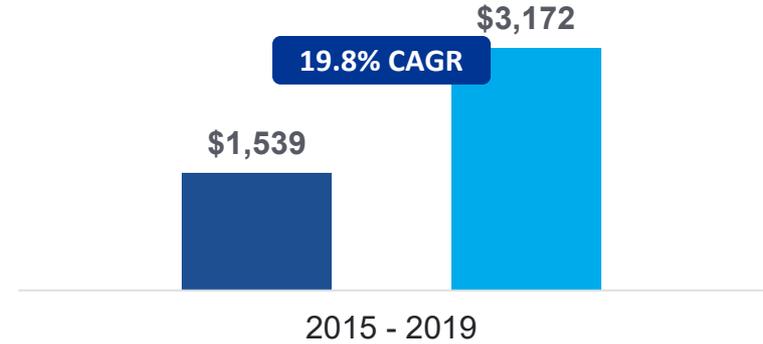
ADJ EBITDA (\$M)



Acquisitions & Initiatives



## Diversification and Vertical Integration 2015 - 2019<sup>1</sup>



<sup>1</sup> 2019 Pro-Forma for a Full Year of ADL's Results. ADL was acquired on May 28, 2019

# From a bus manufacturer to solutions provider

Infrastructure  
Solutions



Buses and  
Coaches



Connected Vehicles  
and Diagnostics



Aftermarket,  
Warranty & Service

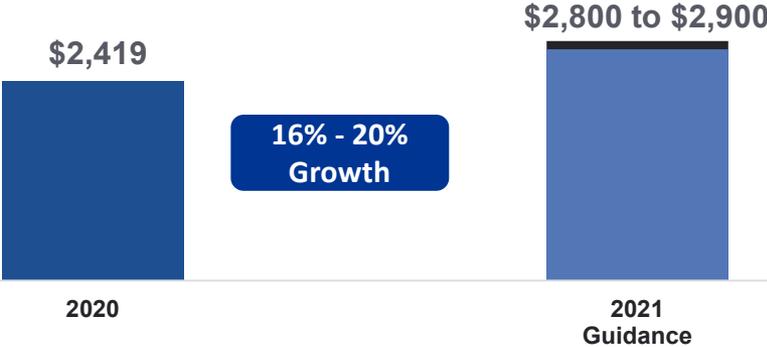


# Positioned for growth and margin enhancement

Recovery, NFI Forward, and Leading the ZEvolution 2020 – 2025

## REVENUE (\$M)

\$3,900 to \$4,100



## ADJ EBITDA (\$M)

\$400 to \$450





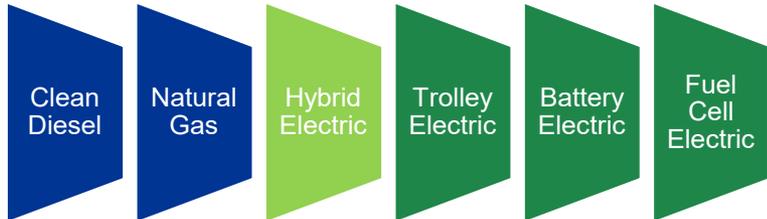
# Leading the **ZE**volution.™

**450+**  
years of bus  
and coach  
experience

**50+**  
years of  
electric bus  
experience

**13**  
countries with  
NFI buses in  
service

**105k**  
vehicles in  
service



## 40+ million

Electric service miles since 2015<sup>1</sup>

## 1,465

ZEBs delivered since 2015<sup>2</sup>

## 94

ZEBs delivered in 2021 Q1 (10% of total)

## 80+

Cities with an NFI ZEB in service or on order

## 1,568

ZEBs in backlog (18% of total backlog)<sup>3</sup>

## 200+

chargers installed via Infrastructure Solutions™

## 20% to 25%

of 2021 production will be ZEBs

## 8,000

Annual ZEB production capacity<sup>4</sup>

(1) Service miles driven in North America, the UK and New Zealand; does not include electric trolleys

(2) Includes battery-electric, fuel-cell electric and electric trolleys

(3) Includes firm and option orders

(4) Based on capacity at NFI facilities in North America and the UK

# NFI's zero-emission journey started in 1969...



**BAE SYSTEMS**



**NEW FLYER.**  
INFRASTRUCTURE  
SOLUTIONS™

**1994**  
First  
Compressed  
Natural Gas  
(CNG) bus

**2005**  
First Diesel  
Hybrid with BAE  
and first Gas  
Engine Hybrid

**2012**  
First battery-  
electric bus

**2015**  
Launched NF  
Connect

**2018**  
Launched NF  
Infrastructure  
Solutions™



**1969**  
First North  
American  
electric trolley

**1998**  
First diesel  
hybrid vehicle  
produced with  
Allison

**2010**  
20 Fuel Cell  
buses for 2010  
Olympics

**2014**  
First  
production of  
fuel-cell range  
extender

**2017**  
Opened VIC  
and launched  
next generation  
electric-battery  
bus

**2019**  
Acquired ADL  
and launched  
NF Connect  
360



# ...and continues in 2021

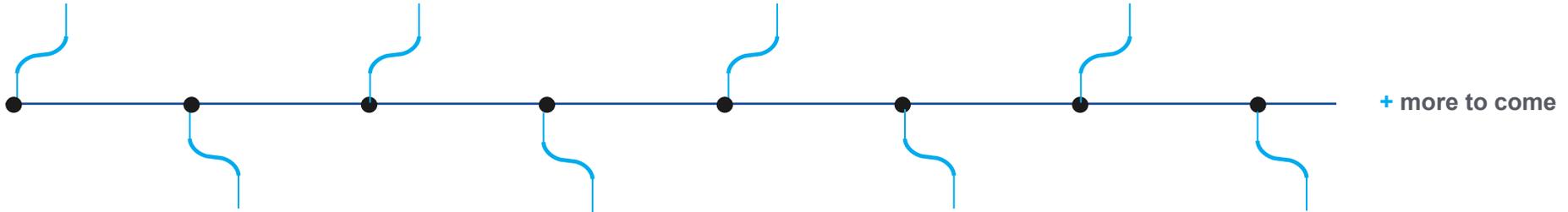


**New Flyer Xcelsior CHARGE AV™**  
North America's first SAE Level 4 automated heavy-duty transit bus; zero-emission, battery-electric

**Battery Recycling Pilot**  
Successful launch of battery recycling pilot with Li-Cycle Corporation

**ADL H2.0**  
Next-generation hydrogen fuel-cell electric double-deck

**MCI D45 CRT LE CHARGE**  
Next-generation hydrogen fuel-cell electric double-deck



**New Flyer Xcelsior CHARGE NG™**  
Next-generation, zero-emission, battery-electric transit bus

**ARBOC Equest CHARGE™**  
Zero-emission, battery-electric, medium-duty low-floor transit

**MCI J4500 CHARGE™**  
Zero-emission, battery-electric, luxury motor coach

**ADL Enviro500EV CHARGE**  
Zero-emission, battery-electric, double-deck bus



# Industry's widest range of ZEB's already exist

**30- & 35-foot**  
Medium-Duty  
Low-Floor Electric



**35-foot**  
Battery-Electric



**40-foot**  
Battery-Electric



**40-foot**  
Fuel Cell-  
Electric



**60-foot**  
Battery-Electric



**60-foot**  
Fuel Cell-  
Electric



**Single-Deck**  
Battery-Electric



**Double-Deck**  
Battery-Electric



**Double-Deck**  
Fuel Cell-Electric



**Motor Coach**  
Battery-Electric

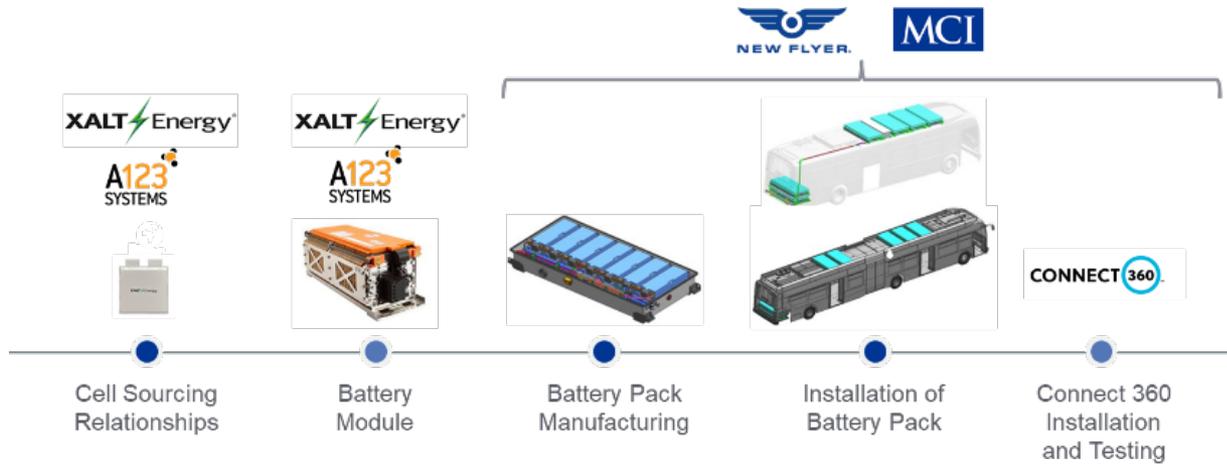


**Motor Coach**  
Battery-Electric  
Low-Entry



# Multiple solutions and approaches to battery technology

## NF and MCI's in-house battery pack production



## ADL – Partnership and Internal production

### Chassis on body

Since 2016, ADL and BYD have worked in partnership to develop market-leading EVs for the UK



### Integrated chassis



Retain flexibility to provide the best offering to customers

# Unprecedented government support for zero-emission transit



**5,000 buses to be replaced**  
(transit)

**\$17.6B** of overall **\$101.4B** in new spending for a “green recovery”  
(Apr 2021 Budget 2021)

**\$14.9B** transit funding program  
(Feb 2021 announcement)  
**(\$2.75B)** of which is dedicated to zero-emission transit in 2021-2026)

**\$1.5B** CIB financing to support ZEBs and charging infrastructure  
(Oct 2020 announcement)

**2021 Announced Target:**  
**40% to 45% GHG emission reduction**  
from 2005 levels by 2030



**50,000 buses to be replaced**  
(transit + school; American Jobs Plan goal)

President’s FY22 Budget Request includes **\$88B** to the U.S. DOT, including **\$13.5B** for transit; largely in addition to the **\$2.25T** American Jobs Plan, an 8-year investment package that includes **\$85B** to modernize existing transit, and **\$174B** “to win the EV market”, and more (2021)

**\$547B** FY21 INVEST in America Act provides **\$109B** for transit over a five-year period; **5x** increase for ZEB and related infrastructure procurement (2021)

**\$303.5B** Senate EPW Committee surface transportation reauthorization bill is 34% higher than funding levels under FAST Act

**2021 Announced Target:**  
**50% to 52% GHG emission reduction**  
from 2005 levels by 2030



**4,000 buses to be replaced**  
(transit)

Ten Point Plan for a Green Industrial Revolution  
(Nov 2020)

**£5.0B** transit & cycling funding program (Feb 2020)

**£50 million** SULEB (Scottish Ultra-Low Emission Bus Scheme)  
(Part-funded 172 ZEB proposals with ADL as intended supplier)

**2021 Announced Target:**  
**78% GHG emission reduction**  
from 1997 levels by 2035

# 2021 Guidance - Reaffirmed

## Revenue

**\$2.8 billion to \$2.9 billion**

*ZEBs expected to make up 20% to 25% of 2021 manufacturing revenue*

- Driven by market recovery in NA Bus and Coach and UK transit
- Continued growth of ARBOC in cutaway and medium-duty markets
- ADL's international expansion in Europe and APAC
- Pandemic-related supply challenges not causing material impact; continue to monitor with suppliers

## Adjusted EBITDA

**\$220M to \$240M**

- Expecting Private markets won't begin to return to pre-COVID levels until 2023
- Significant volume drop-through with cost base reductions generated from NFI Forward initiative

## Cash Capex including NFI Forward

**\$50M**

- Estimating \$35M for maintenance capex
- Remainder for NFI Forward and other smaller growth projects

## Seasonality

*2021: Q2 significantly higher, Q3 flat to slightly down, Q4 higher*

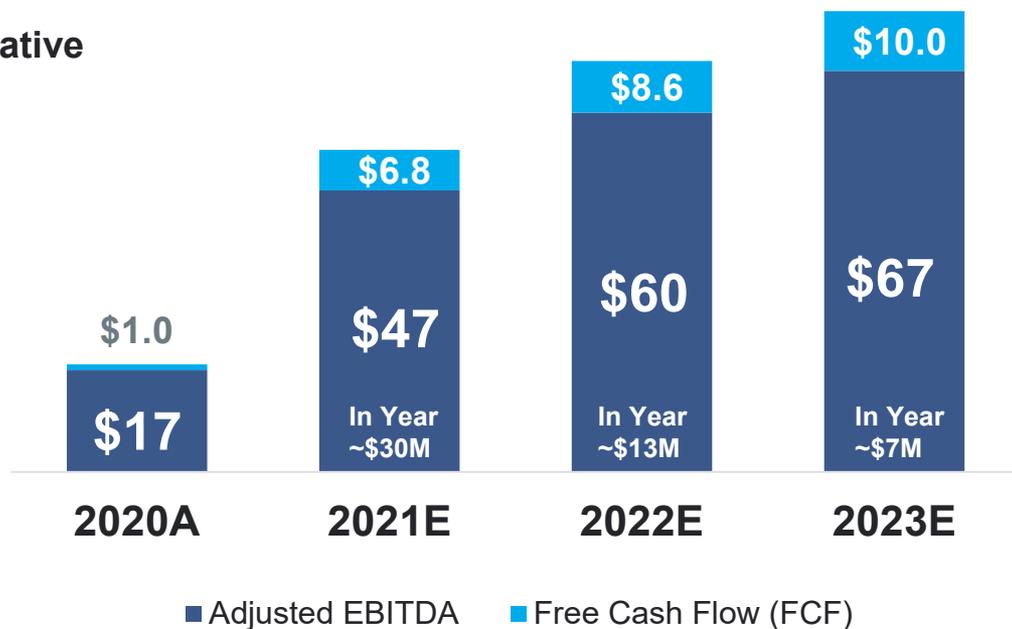
- On a year-over-year basis:
  - 2021 Q2 expected to be significantly higher
  - 2021 Q3 expected to be flat to slightly down
  - 2021 Q4 expected to be higher
- 2021 Q1, Q2 and Q3 will be 13-week periods, while Q4 will be a 14-week period

**Management reaffirms its 2021 financial guidance for Revenue, Adjusted EBITDA, and Cash Capital Expenditures; updating tax and seasonality**

# NFI Forward Update

## Timing for 2020-2023 Benefits

Cumulative  
(\$M)



All NFI  
Forward  
Initiatives  
**At or Above  
Targets**

**Cash Flow on  
Track for  
\$10M+**

Continued NFI Forward progress in 2021 Q1:

- \$11.6 million in Adjusted EBITDA savings, and an additional \$0.8 million in annualized Free Cash Flow generation

# Longer-term financial targets for 2025

## Revenue

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

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

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

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## Adjusted EBITDA

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

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

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## ROIC

**>12%**

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

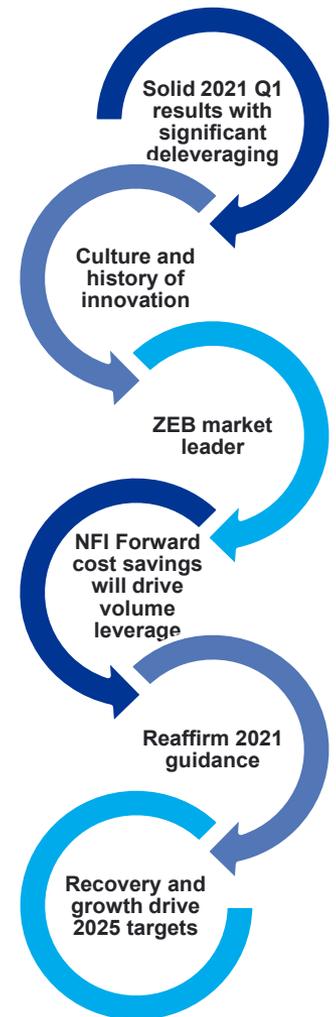
# Capital allocation priorities

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

Focused approach to drive value creation

# NFI investment thesis

- ✓ Market dynamics position bus and coach transition to EV; NFI is the industry's leader with the deepest customer relationships and in prime position to capitalize on the zero-emission evolution (*ZEvolution™*)
- ✓ Unprecedented government support in all core markets with commitments to replace 59,000 buses (transit and school) with zero-emission vehicles
- ✓ NFI was built through decades of investment, innovation and product development
- ✓ NFI has the largest manufacturing capacity (8,000 EUs annually), largest installed fleet and most reliable aftermarket network
- ✓ NFI is a turnkey mobility solutions provider supporting the transition from legacy to EV propulsion: infrastructure solutions, vehicles, telematics, parts support
- ✓ Today, NFI's Backlog is 5.8% ZEBs, and 30% of our total Public bid universe is ZEBs, driving profitable growth
- ✓ Management is positioning NFI for market recovery with a streamlined, leaner operation to drive volume leverage through NFI Forward
- ✓ Reaffirmed revenue, Adj. EBITDA and capex guidance for 2021. Longer-term targets for 2025 highlight strong annual growth: Adjusted EBITDA \$400M to \$450M, with 35% to 40% of production coming from ZEBs





# • Appendices

# Forward-Looking Statements

Certain statements in this presentation are “forward-looking statements”, which reflect the current expectations of management regarding the Company’s future growth, financial performance and financial position and the Company’s strategic initiatives, plans, business prospects and opportunities, including the duration, impact of and recovery from the COVID-19 pandemic. A number of factors and risks may cause actual results to differ materially from the results discussed in the forward-looking statements (including factors relating to the Company’s “NFI Forward” initiatives, the global COVID-19 pandemic, and the Company’s January 11, 2021 financial guidance (the “Guidance”). For more detail regarding the assumptions, factors and risks relating to these “forward looking statements”, please refer to the Company’s press release and management discussion and analysis (“MD&A”) dated May 5, 2021 and the factors and risks contained in its Annual Information Form and other materials filed with the Canadian securities regulatory authorities which are available on SEDAR at [www.sedar.com](http://www.sedar.com). These forward-looking statements are made as of the date of this presentation and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws.

All figures in U.S. dollars unless otherwise noted.

## Non-IFRS Measures

References to “Adjusted EBITDA” are to earnings before interest, income taxes, depreciation and amortization after adjusting for the effects of certain non-recurring and/or non-operations related items that do not reflect the current ongoing cash operations of the Company as described in the Company’s disclosure documents available on SEDAR at [www.sedar.com](http://www.sedar.com). References to “ROIC” are to net operating profit after taxes (calculated as Adjusted EBITDA less depreciation of plant and equipment, depreciation of right-of-use assets and income taxes at a rate of 31%) divided by average invested capital for the last 12-month period (calculated as to shareholders’ equity plus long-term debt, obligations under leases, other long-term liabilities and derivative financial instrument liabilities less cash).

Management believes Adjusted EBITDA and ROIC are useful measures in evaluating the performance of the Company. However, Adjusted EBITDA and ROIC are not recognized earnings measures under IFRS and do not have standardized meanings prescribed by IFRS. Readers of this press release are cautioned that Adjusted EBITDA or ROIC should not be construed as an alternative to net earnings or loss or cash flows from operating activities determined in accordance with IFRS as an indicator of NFI’s performance. Historical reconciliations of net earnings to Adjusted EBITDA has been provided in the Company’s disclosure documents available on SEDAR at [www.sedar.com](http://www.sedar.com). NFI’s method of calculating Adjusted EBITDA and ROIC may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers.

# Appendix: Key Definitions

- **Adjusted EBITDA:** Earnings before interest, income taxes, depreciation and amortization after adjusting for the effects of certain non-recurring and/or non-operations related items that do not reflect the current ongoing cash operations of the Company. These adjustments include gains or losses on disposal of property, plant and equipment, fair value adjustment for total return swap, unrealized foreign exchange losses or gains on non-current monetary items and forward foreign exchange contracts, costs associated with assessing strategic and corporate initiatives, past service costs and other pension costs, non-recurring restructuring costs, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, proportion of the total return swap realized, equity settled stock-based compensation, recovery of currency transactions, prior year sales tax provision, and release of provision related to purchase accounting.
- **Free Cash Flow:** Defined as net cash generated by operating activities adjusted for changes in non-cash working capital items, interest paid, interest expense, income taxes paid, current income tax expense, effect of foreign currency rate on cash, defined benefit funding, non-recurring transitional costs relating to business acquisitions, past service costs, costs associated with assessing strategic and corporate initiatives, defined benefit expense, cash capital expenditures, proportion of the total return swap realized, proceeds on disposition of property, plant and equipment, gain received on total return swap settlement, fair value adjustment to acquired subsidiary company's inventory and deferred revenue and principal payments on capital leases.
- **Return on Invested Capital (“ROIC”):** Defined as net operating profit after taxes (calculated as Adjusted EBITDA less depreciation of plant and equipment and income taxes at the expected effective tax rate) divided by average invested capital for the last twelve-month period (calculated as to shareholders' equity plus long-term debt, obligations under finance leases, other long-term liabilities, convertible debentures and derivative financial instrument liabilities less cash).
- **Adjusted Net Earnings:** Defined as net earnings after adjusting for the after tax effects of certain non-recurring and/or non-operational related items that do not reflect the current ongoing cash operations of the Company including: fair value adjustments of total return swap, unrealized foreign exchange loss or gain, unrealized gain or loss on the interest rate swap, portion of the total return swap realized, costs associated with assessing strategic and corporate initiatives, non-recurring costs or recoveries relating to business acquisition, fair value adjustment to acquired subsidiary company's inventory and deferred revenue, equity settled stock-based compensation, gain or loss on disposal of property, plant and equipment, gain on bargain purchase option, past service costs, recovery on currency transactions, prior year sales tax provision, gain on release of provision related to purchase accounting.
- **Adjusted Net Earnings per Share:** Defined as Adjusted Net Earnings divided by the average number of Shares outstanding.

The NFI logo consists of the letters 'NFI' in a bold, white, sans-serif font, centered within a bright blue square. The square has a slight wave-like bottom edge.

**NFI**

Leading the **ZE**volution.™