



**NEW FLYER**

**North America's #1 Transit Bus Manufacturer and Parts Supplier**



**Forward Looking Statements:** May contain forward-looking statements relating to New Flyer Industries Inc. and related companies or to the environment in which they operate, which are based on their operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, or are beyond New Flyer's control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These factors include those set forth in New Flyer's Annual Information Form which is available on SEDAR at [www.sedar.com](http://www.sedar.com). New Flyer assumes no obligation to update or revise any forward-looking statements to reflect new events or circumstances, except as required by applicable securities laws. All figures are in U.S. dollars unless otherwise noted.

**Non-GAAP Measures:** For the definition and explanation of EBITDA, ADJUSTED EBITDA and FREE CASH FLOW please refer to Appendix A.



## New Flyer Strategy: Optimize, Defend, Diversify & Grow

### Performance

Bus Market Share: **48% (#1)**

Parts Market Share: **33% (#1)**

Employees: **~3,400**

LTM Sales: **US \$1.51B**

LTM Adj EBITDA: **US \$119.1M**

Leverage: **1.34 (Converts not included)**

LTM FCF: **US \$59.4M**

LTM Payout Ratio: **48%**

### Common Share (TSX:NFI)

Fully Diluted Market Cap: **~ C \$900M**

Shares Outstanding: **55.5 M**

2 Month Avg Daily Volume: **~ 111,700**

Current Yield: **~4.1%**

### Convertible Debt (TSX:NFI. DB.U)

Principal Outstanding: **US \$64.6 M**

2 Month Avg Daily Volume: **~ US \$100K**

Current Yield: **~ 5.2%**



### 1. Offer North American bus operators the best buses, services and value in the industry

- Provide complete offering: Bus (“Workhorse of the Fleet”) supported by Parts & Services
  - Lead the market innovation
  - Migrate to the Xcelior platform for all Heavy Duty buses
  - Offer MiDi for community shuttle, small transit agencies and private operators
- Increase focus on Aftermarket parts and services

### 2. Operate as a world class manufacturer using LEAN principles and a Quality Roadmap

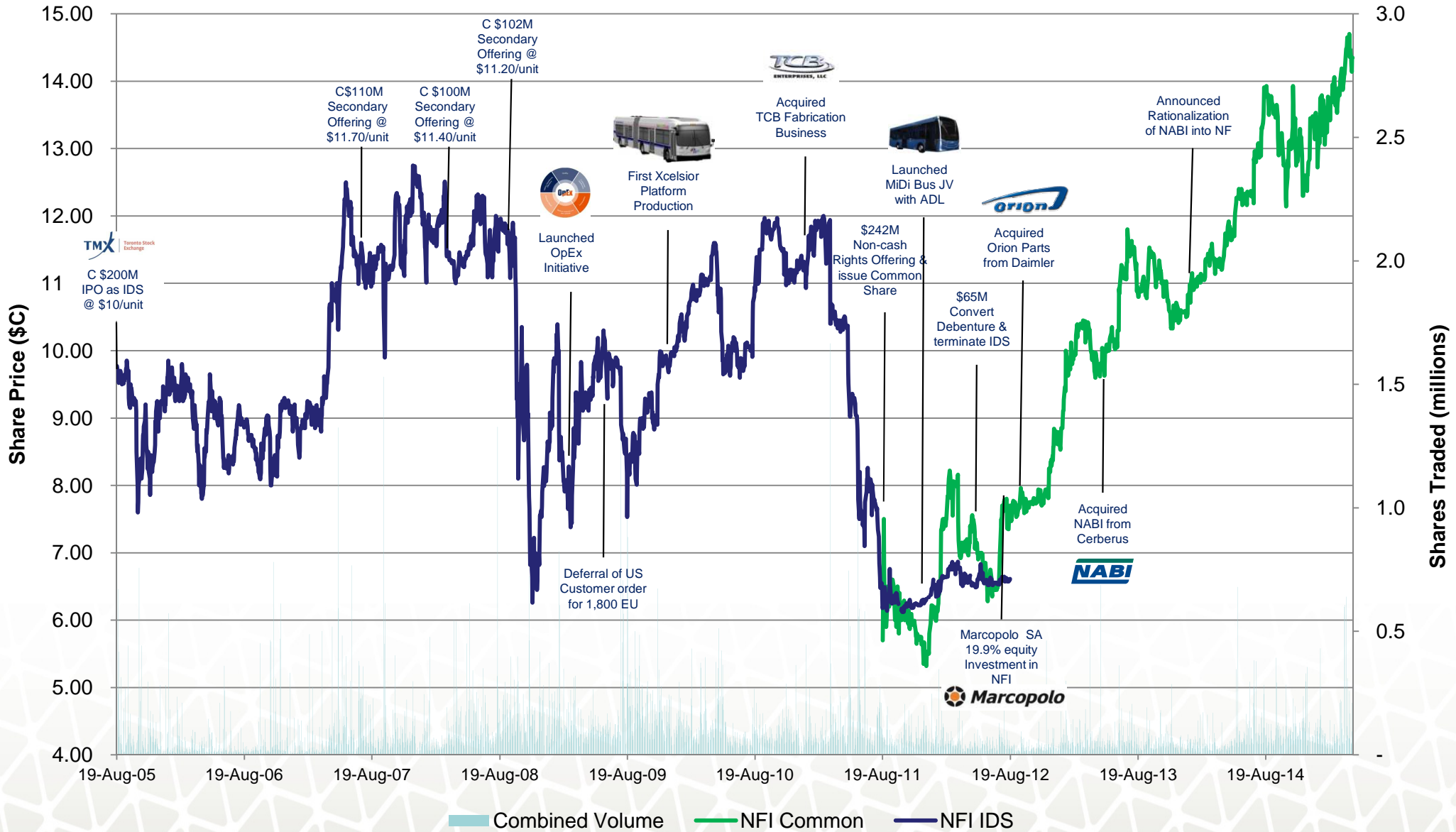
- Migrate from selling buses, to providing solutions... that deliver best bus value and support for life
- Be recognized as an Employer of Choice
- Excel in supply chain, strategic sourcing and appropriate in-sourcing
- Continuous pursuit of eliminating waste and cost reduction to improve competitiveness
- Excel at customer support, response and follow up

### 3. Perform while seeking Diversification and Growth

- Operate with an appropriate capital structure to grow the business
- Seek to diversify beyond single product/market (Heavy Duty Transit buses) to compete in more than markets: Product (type of bus) and/or Market (Public vs Private) and/or Geography (NA or International)



# Transition from IDS to Common Share. Focused on the future

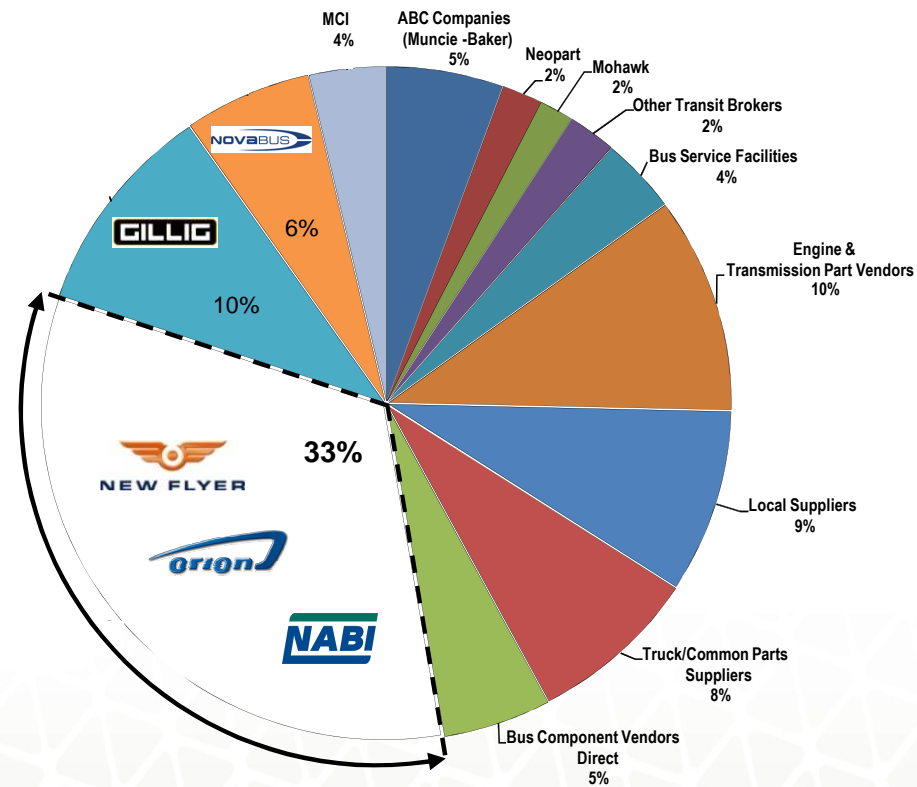
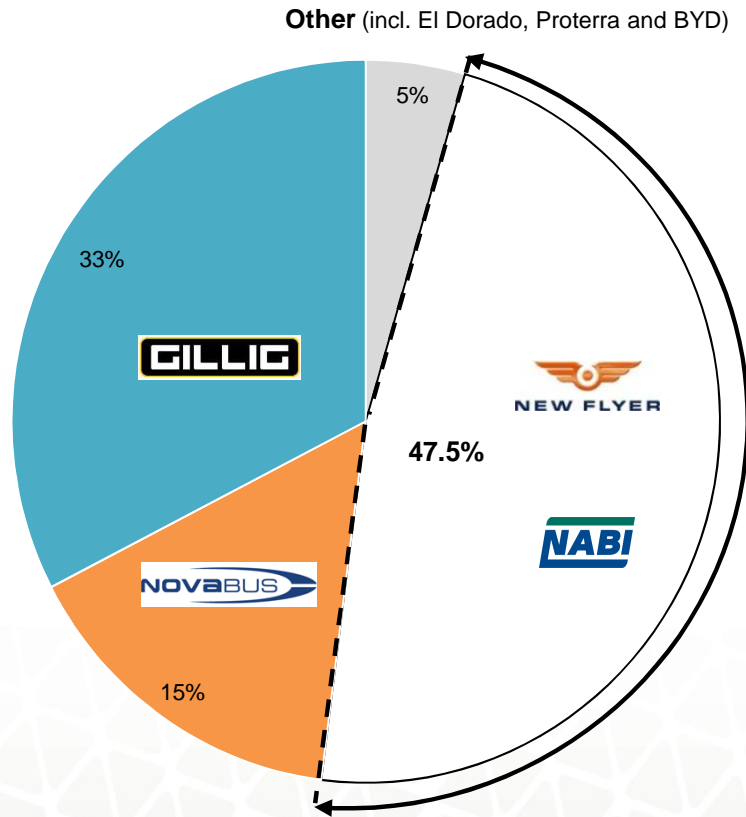




# #1 Market Share for both HD Transit Buses & Parts

**Heavy-Duty Transit Bus Share**  
based on EUs delivered in 2014 in Can/USA

**Aftermarket Parts Share**  
based on estimated parts sales in 2014



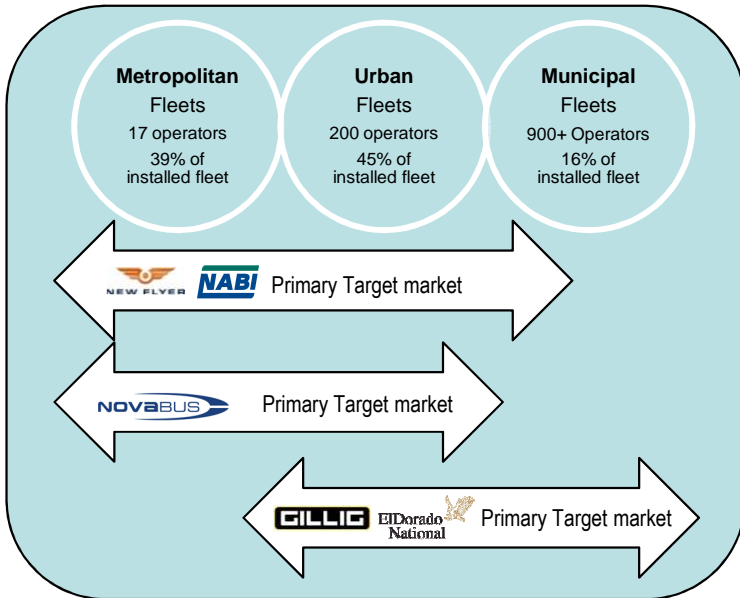
New Flyer acquired Orion Parts in February 2013 and NABI in June 2013.

Source: 2014 New Flyer Database & Management Estimates



# North American Transit Bus Market & Segments

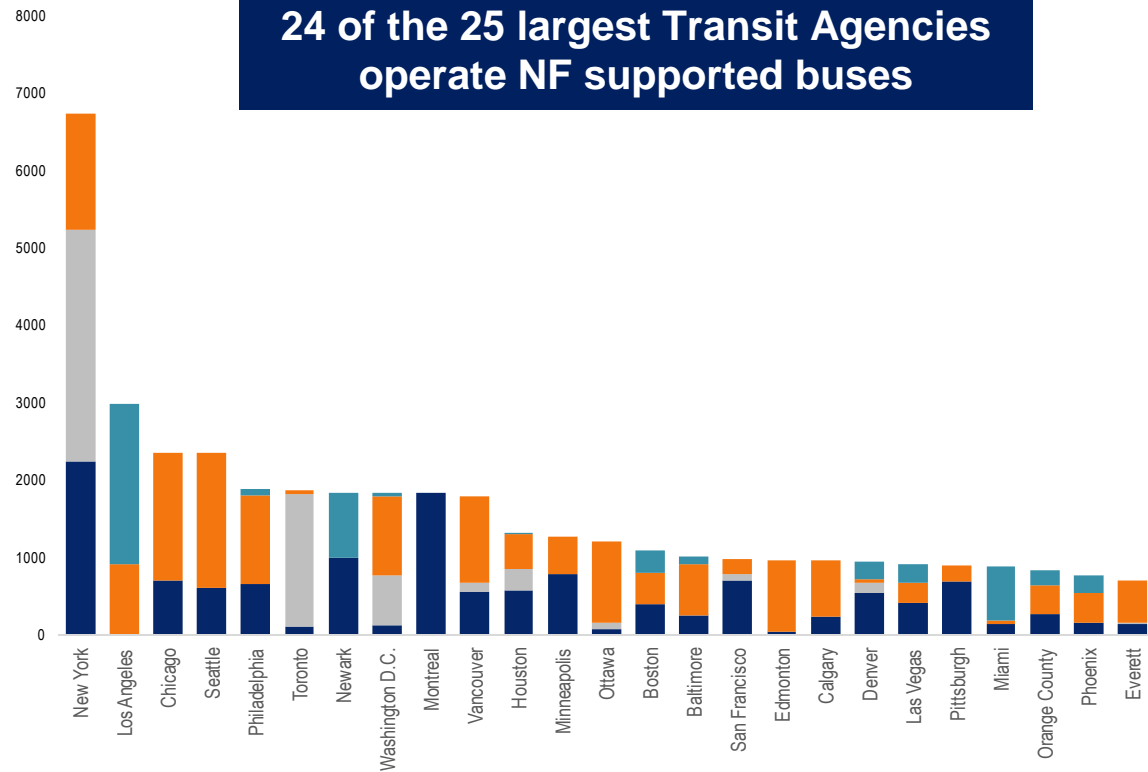
## Market Segments and primary targets



New market entrants focusing on battery-electric buses:

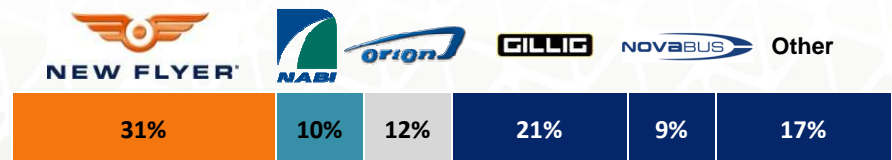


## 24 of the 25 largest Transit Agencies operate NF supported buses



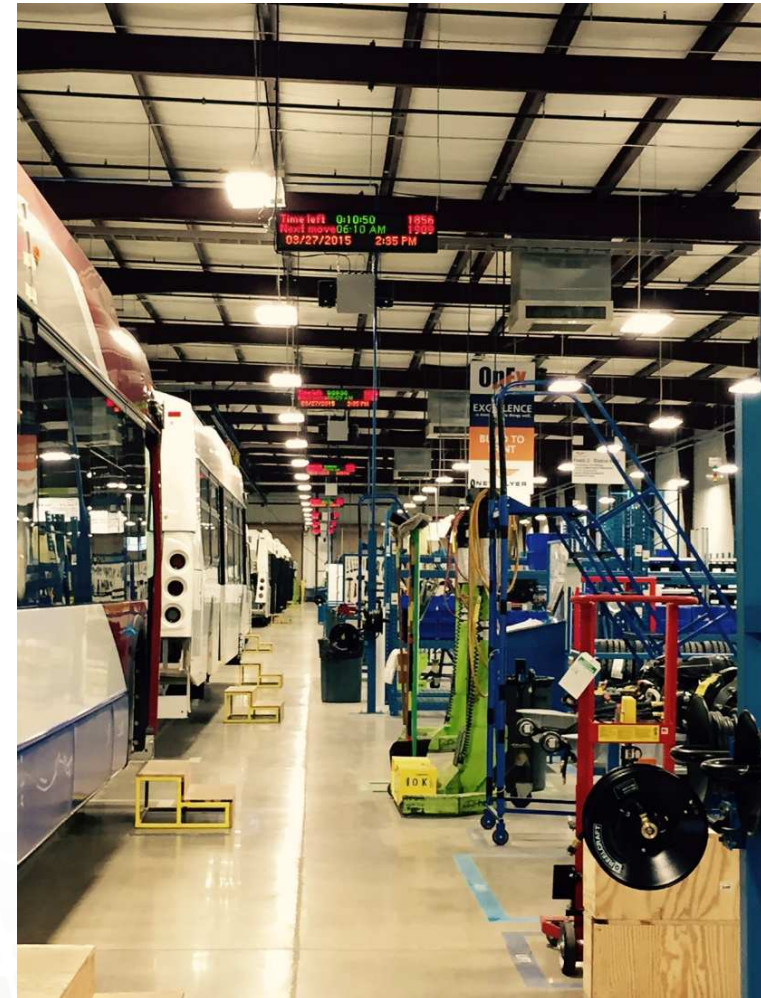
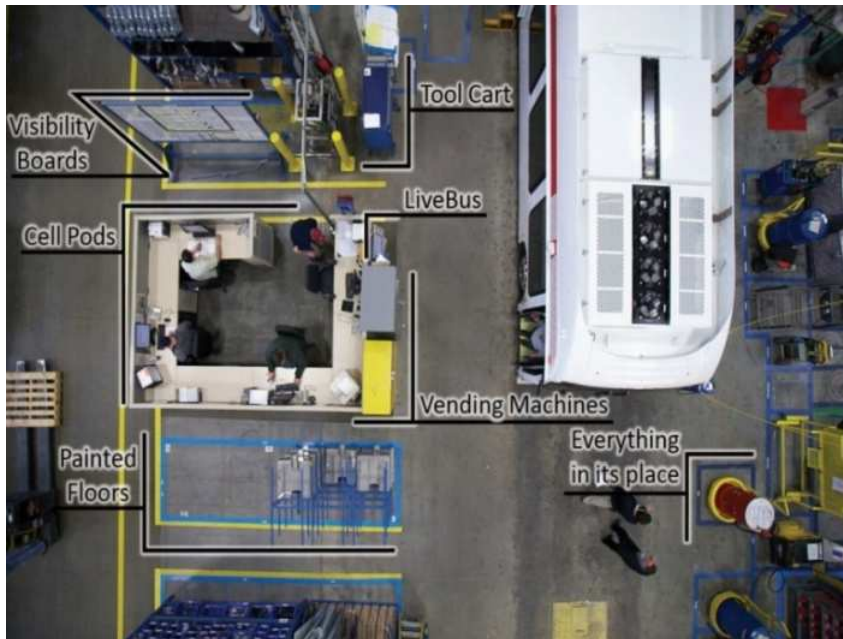
\*Quantities in Equivalent Units (EUs)

## Current US & Canada Active Transit Bus Fleet >80,000 buses



Source: 2014 New Flyer Database & Management Estimates

## Significant Investment has been made in LEAN. We call it OpEx.



### Key Operational Improvements since 2010:

- Build in Station (by task) improved from 87% to 95%
- Average Labour Efficiency increased from 71% to 89%
- Days in Customer Acceptance reduced from 21 to 16

**Focused investment on both cultural, physical and process change**



## New Flyer Transit Bus Models

### New Flyer Xcelsior®



- Production launch in 2009 based on >20 years experience with low floor transit buses
- Offered in 35', 40', and 60' lengths
- >12-year, 500,000 miles life
- Multiple propulsion systems options: diesel, hybrid, natural gas, trolley and battery-electric
- Primary targets are metropolitan and urban fleets
- Typical sale price of approx \$450K US for 35'/40' bus and \$700K US for 60' articulated bus

### New Flyer MiDi®



- Joint venture with ADL to bring MiDi® to North American market
- Production launch in 2014
- 30' and 35' low-floor bus
- >12-year, 500,000 miles life
- Clean diesel propulsion and currently investigating natural gas and battery-electric
- Primary targets are municipal and commercial shuttle markets
- Typical sale price approx \$300K US

### NABI BRT & LFW<sup>(1)</sup>



LFW



BRT

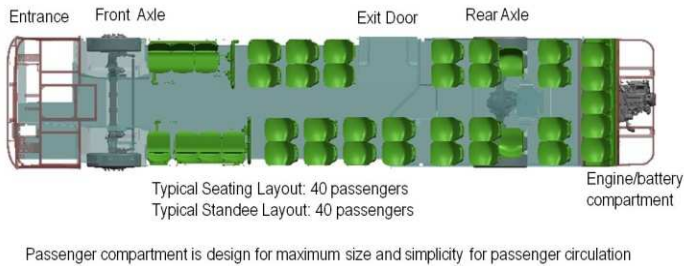
- 31' and 40' (LFW) and 42' and 60' (BRT) buses
- Propulsion using clean diesel, electric-hybrid, and natural gas
- Estimated installed fleet: 10,000

*(1) Both LFW and BRT are being phased out and replaced with the New Flyer Xcelsior® platform in 2015.*

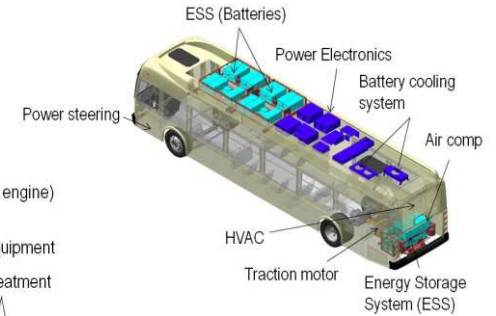


# Market Leader in Technology & Propulsion Options

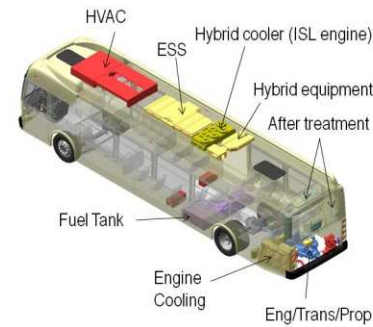
## Single platform - multiple propulsion options



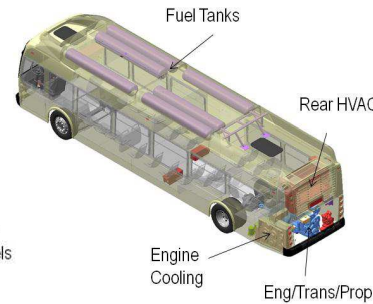
## Battery-Electric



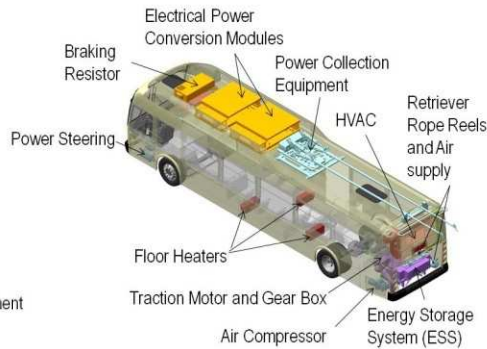
## Hybrid-Electric



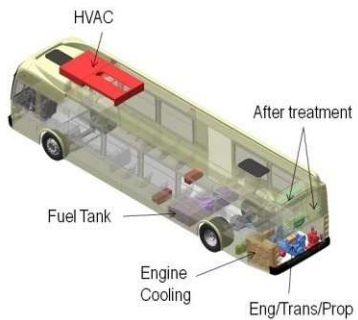
## Natural Gas



## Electric-Trolley



## Clean Diesel



## New Flyer's battery-electric Xcelsior®



- Pilot bus testing complete and in service.
- 2 electric buses delivered to Chicago in 2014
- 4 buses delivered to Winnipeg in 2014
- 60' artic with Fuel Cell range extender in development



Focused on New Flyer's optimized and robust Xcelsior® platform



## Industry's most comprehensive Parts & Support Services

### Aftermarket Parts



- With addition of Orion Parts and NABI, New Flyer is the recognized leader in both size and quality of service with an estimated market share of 34% in 2014.
- Key competitive advantages include: widest product assortment (parts for products manufactured by New Flyer, NABI, Orion, as well as other bus manufacturers) and industry leading distribution network with shortest delivery times.
- Exclusive product distribution:
  - NFI proprietary line of service parts under the “Kinetik” brand
  - Exclusive license for Xtended Life™ brake kits which increases life of brakes, thereby reducing vehicle operating/maintenance costs
  - Unique offerings (Kits, Mid-life upgrade programs, Vendor Managed Inventory, KanBan, etc).

### Product Support Services



- **Publications:** Wide range of customized parts, maintenance and operational documentation. New Flyer publications are the industry standard.
- **Service Support:** Product acceptance, field support, field engineering and warranty management.
- **Product Training:** Operator and maintenance training provided in connection with new bus sales or aftermarket support (On-the-job, Classroom, eLearning, etc).
- **New Flyer Connect :** On-board system that permits real-time monitoring of the bus driver and vehicle performance to help improve driver safety, driving efficiency and fuel and maintenance costs

Well positioned to maximize market share of parts and life cycle support services



# Manufacturing, Service and Parts Locations

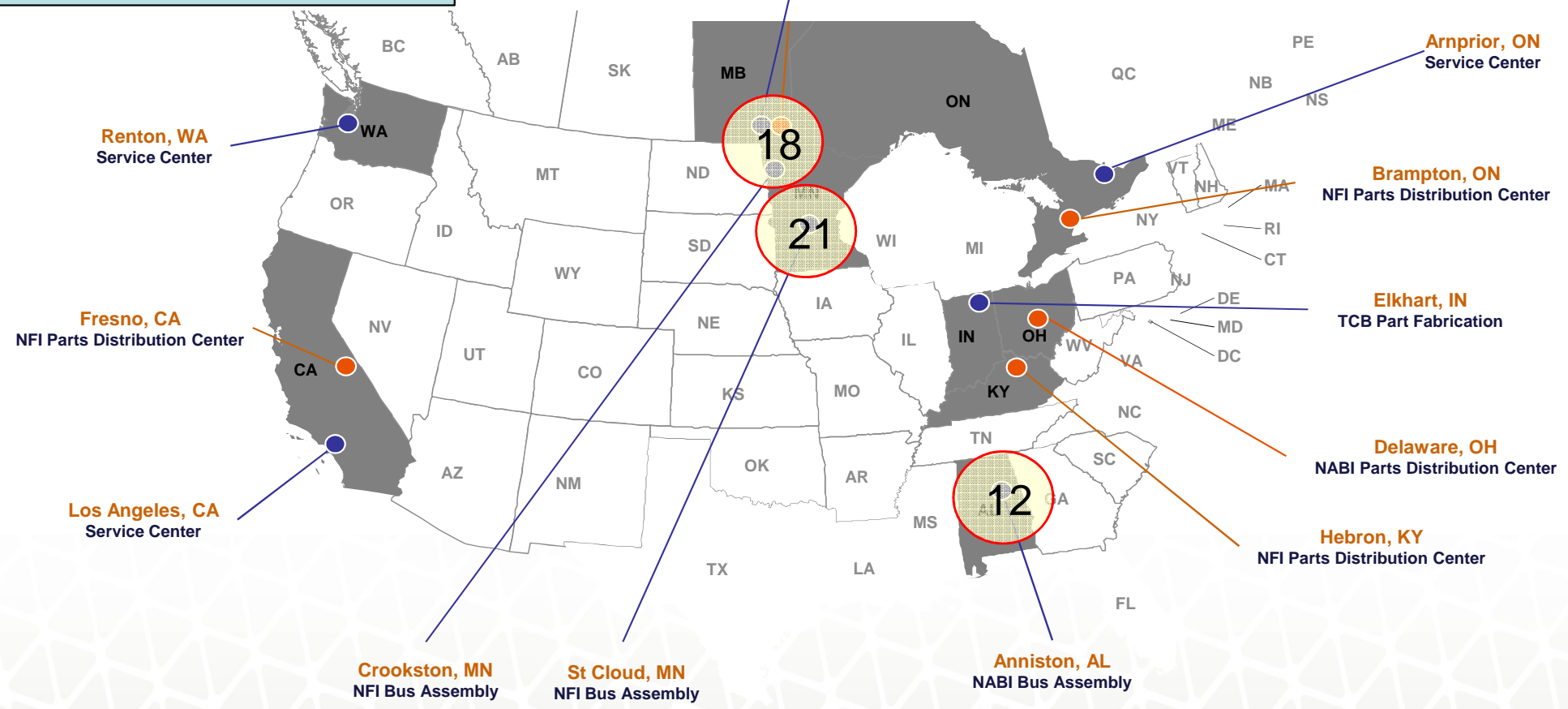
3,400 team members with approx 1,300 covered by CBA

 Winnipeg CBA expires Mar 31/18

 Crookston CBA expires Dec 31/15  
St Cloud CBA expires Mar 31/17

- Parts Distribution
- Manufacturing & Service
- Buses Built /Week

**Winnipeg, MB**  
Headquarters  
NFI Parts Fabrication and Bus Assembly  
New Product Development  
NFI Parts Distribution Center

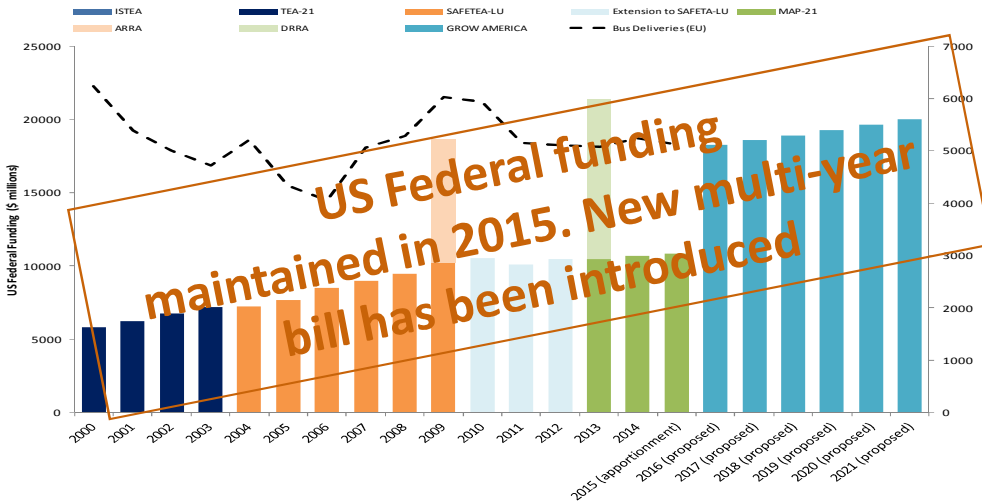


**Parts & Service locations to provide best-in-class support and response**

# Market Economic Fundamentals Stabilizing

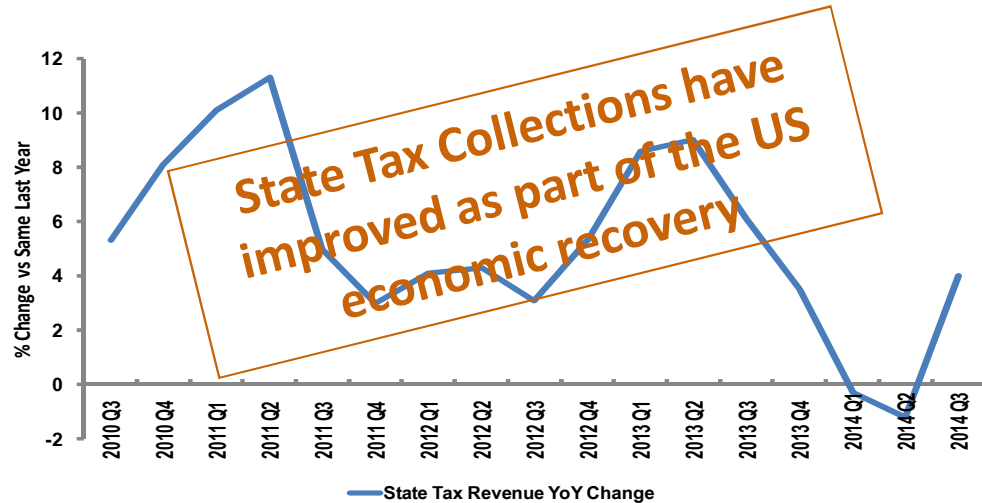


## US Fed Funding vs Industry Deliveries



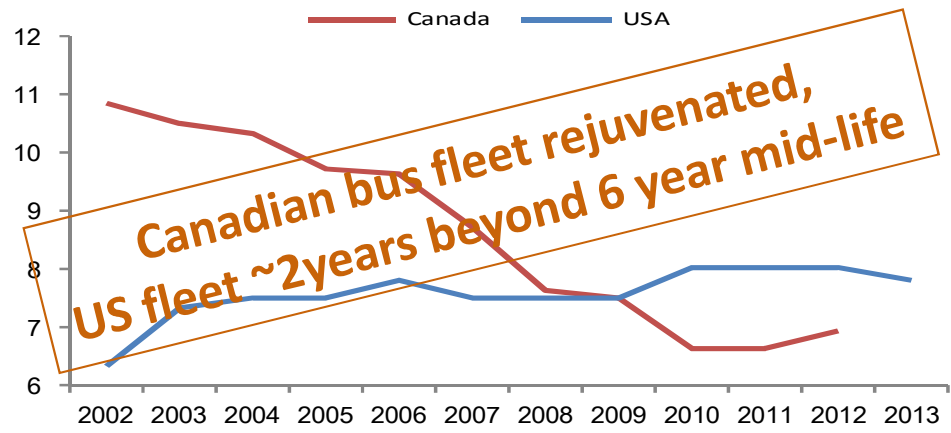
Source: <http://www.fta.dot.gov> & management estimates

## US Quarterly State Tax Collections [YOY % Chg]



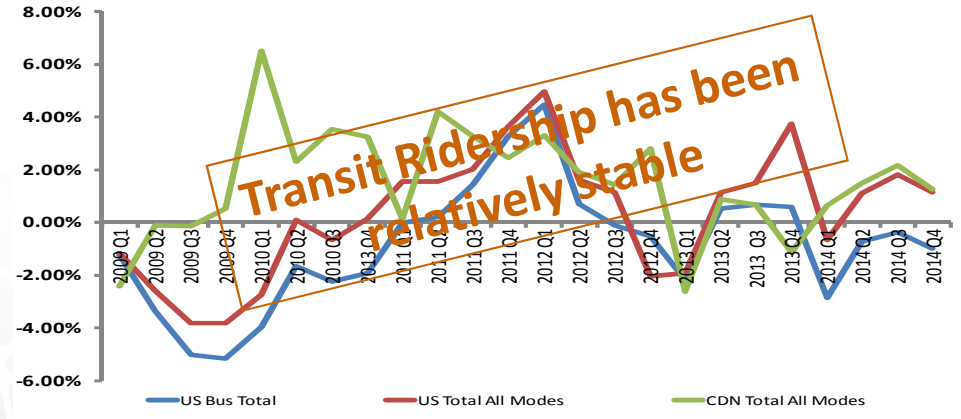
Source: The Nelson A. Rockefeller Institute State Revenue Reports

## Average Age of of Transit Buses [years]



Source: CUTA, APTA <http://www.apta.com/resources/statistics/Documents/FactBook/2013-Fact-Book-Appendix-A.pdf>

## Qtrly Transit Ridership % Chg YOY

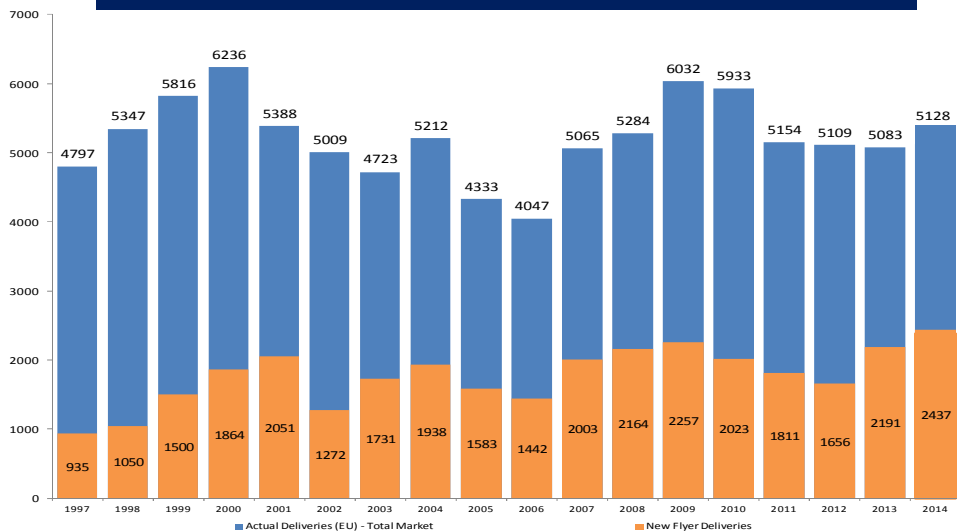


Source: <http://www.apta.com/resources/statistics/Pages/ridershipreport.asp>

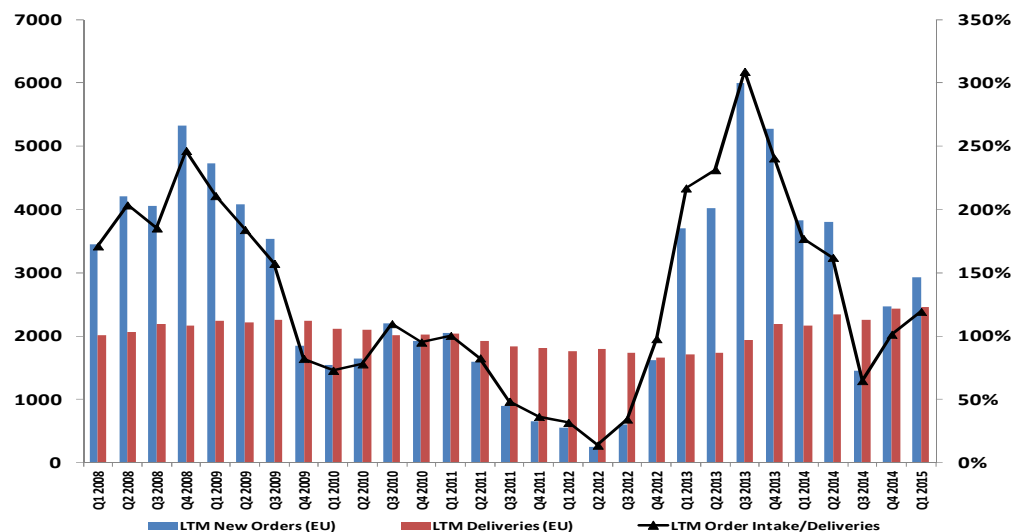


# Market Size, Book-to-Bill, Bid Universe and Backlog

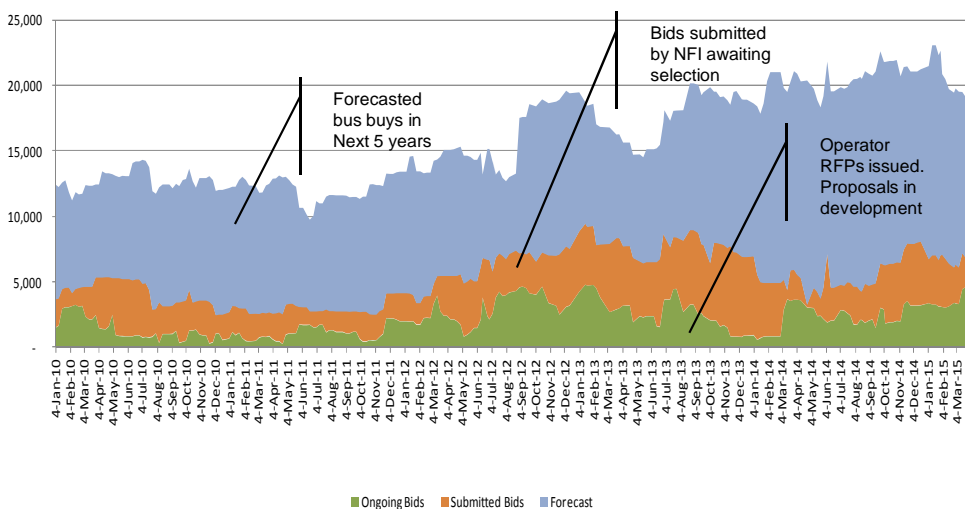
**EUs delivered in Can/US has flattened out. Slow growth**



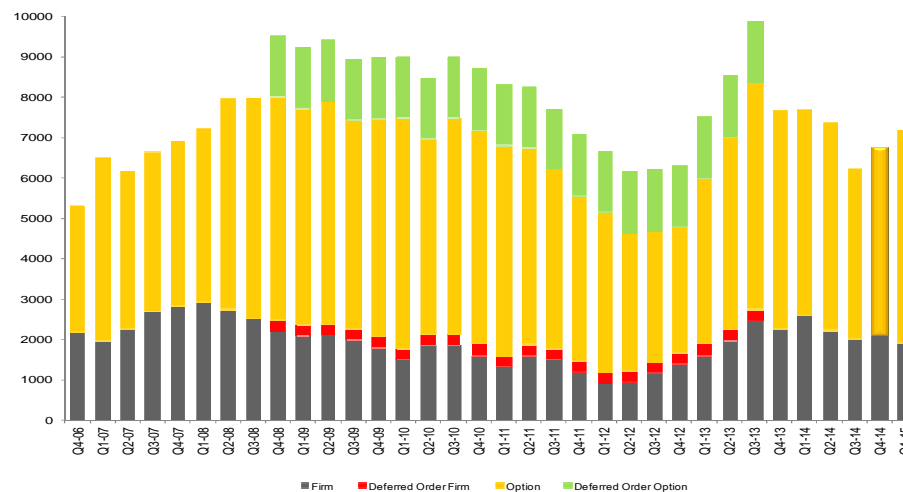
**NFI Book-to-Bill >100% for last 8 out of 9 quarters**



**Improved NFI Bid Universe & Active Opportunities (Eus)**



**NFI backlog has recovered in 2013-14**

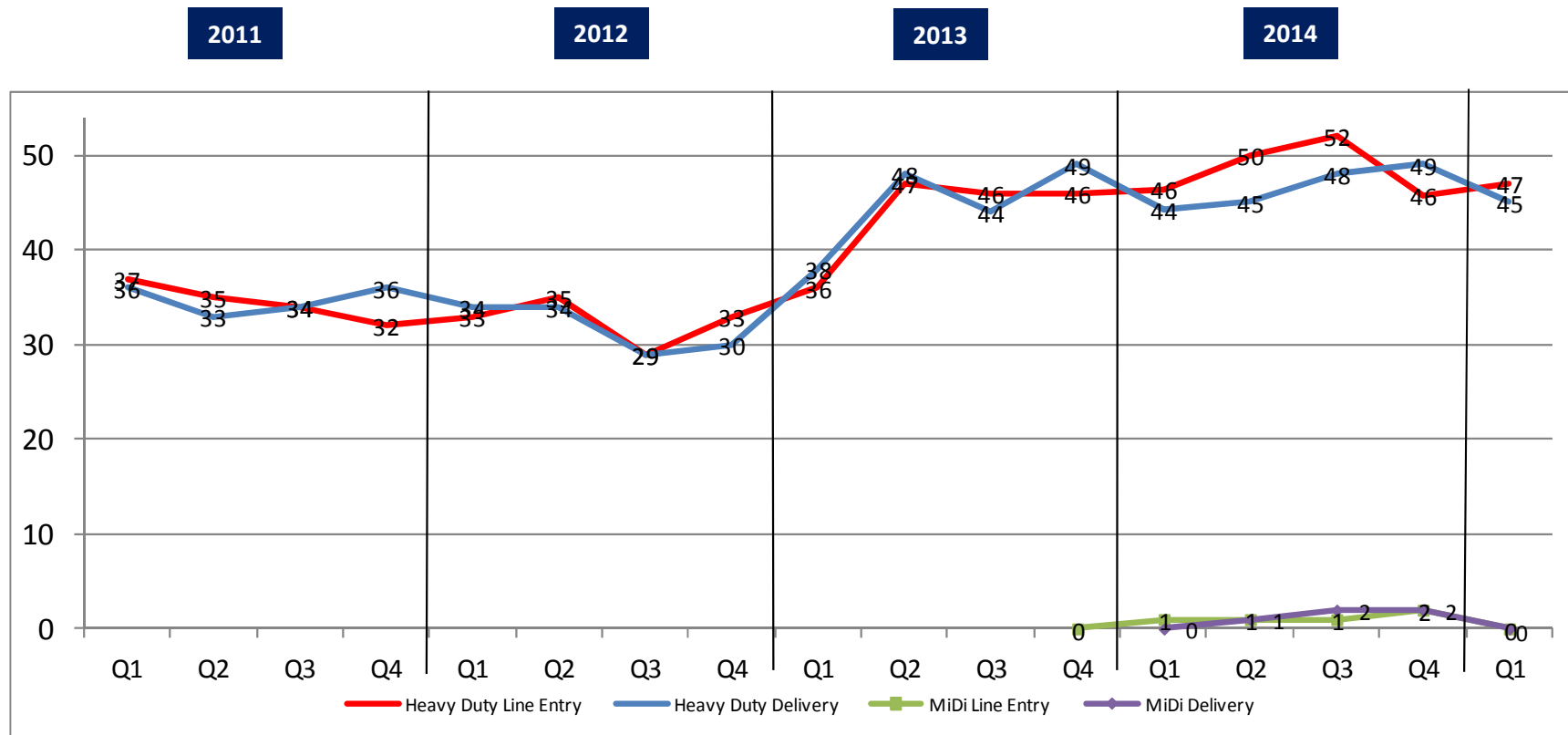


Note: Deferred Order was removed in Dec 2013 following 5 years of inaction.





## Average Weekly Line Entry & Delivery Rates (EUs)



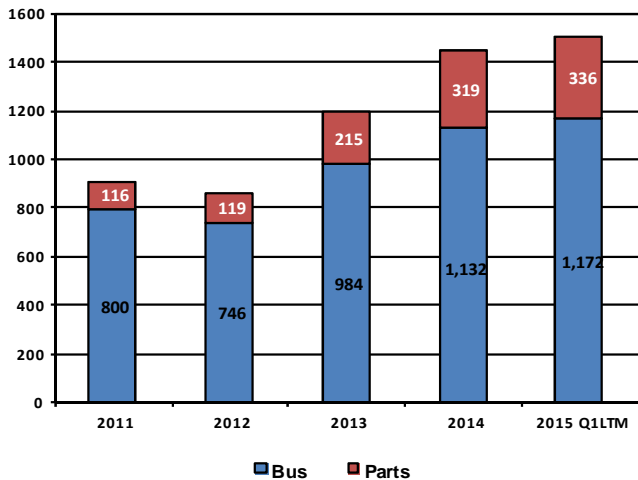
Includes activity from NABI Bus LLC following acquisition by New Flyer in June 2013. New Flyer MiDi<sup>®</sup> commenced production in Jan 2014.

**2015 plan to maintain average Line Entry rate (EUs/Production Week): Heavy-Duty = 50, MiDi<sup>®</sup> = 1.25**

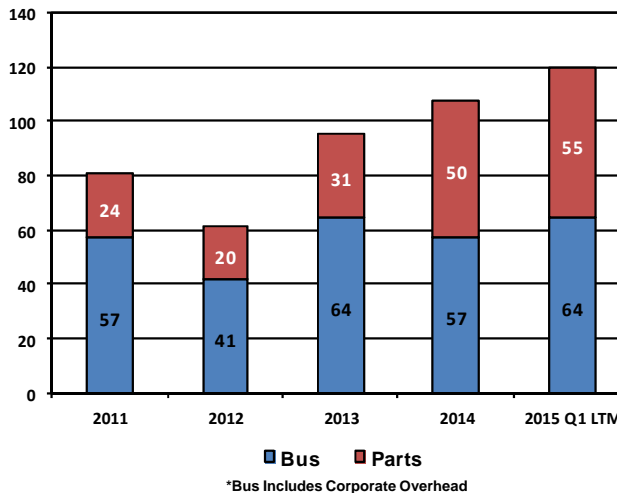


# NFI 5-year Financial Performance

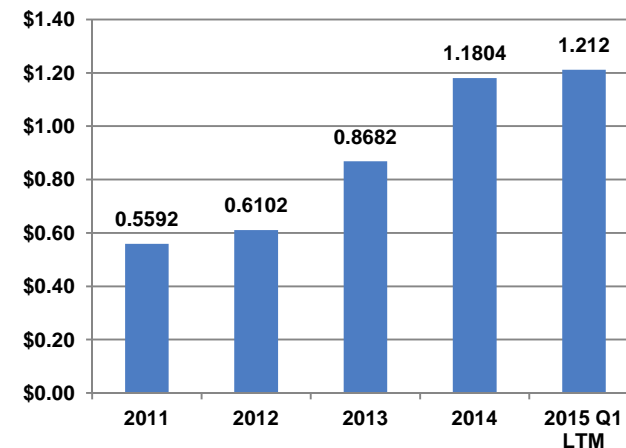
### Sales (\$M US)



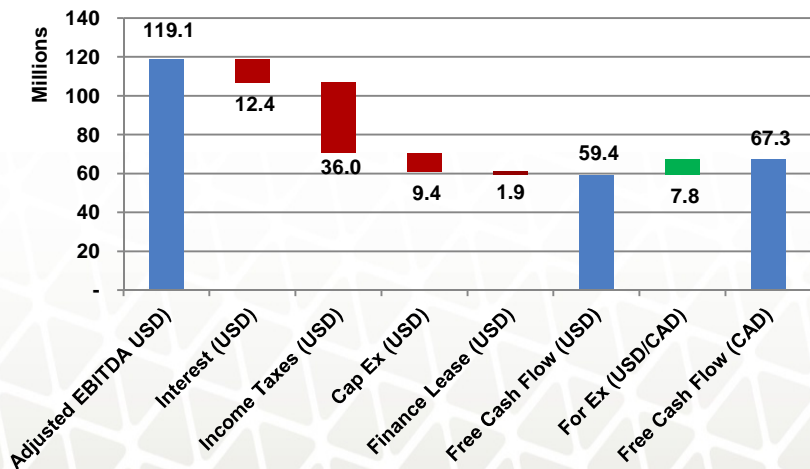
### Adj EBITDA (\$M US)



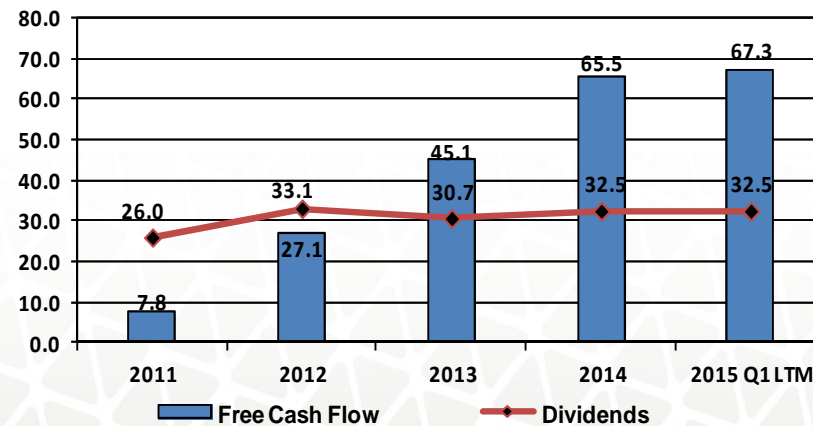
### Free Cash Flow/Share (\$C)



### 2015 Q1 LTM Adj EBITDA to Free Cash Flow (\$M)



### Free Cash Flow and Dividends (\$M C)



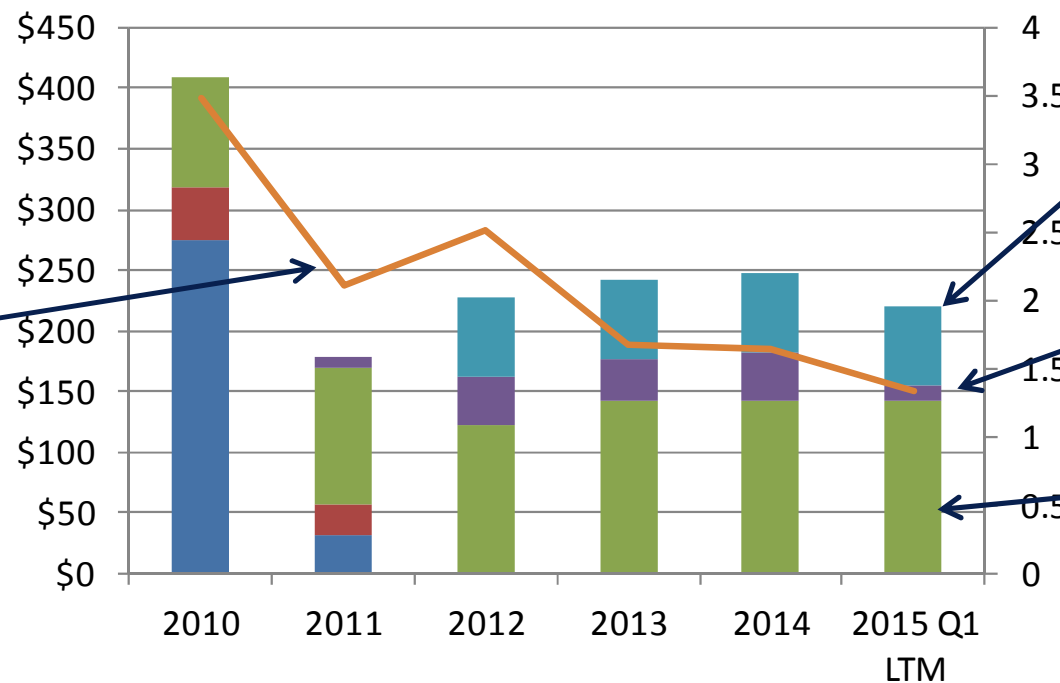
In 2011, NFI completed a noncash rights offering to facilitate conversion from an IDS to a traditional common share structure. Shareholders exercised approximately 89% of the Rights issued by tendering approximately C\$242.3M principal amount of Subordinated Notes in exchange for approximately 39 million common shares. In 2013, Marcopolo S.A. acquired approximately 11 million newly issued common shares, representing a 19.99% stake in NFI.



# Reduced Leverage and Interest Costs

**Total Debt (\$US M)**

**Total Leverage Ratio**



Total Leverage Ratio does not include Convertible Debenture as debt. Senior secured credit facility is in place until Apr 24-17

**\$65M Convertible Debenture** issued in Jun-12. Proceeds used to redeem Bach Bonds/IDS Debt in August 2012. Convert price \$US10/share

**\$115M Revolver** facility used to manage working capital fluctuations (\$13M outstanding)

**\$142M Senior term loan**

- IDS Debt
- Bachelor Bonds
- Senior Term Loan
- Revolver
- Convertible Debenture
- Total leverage ratio

**Interest Rates:**  
 Bach Bonds/IDS Debt = 14%  
 Converts = 6.25%  
 Senior Debt = LIBOR + margin



## Investment Thesis Summary

<b>Leading North American Market Share</b>	<ul style="list-style-type: none"> <li>Approximately 48% of heavy-duty delivered buses in 2014 (equivalent units)</li> <li>Approximately 33% aftermarket parts market share based on 2014 sales</li> </ul>
<b>Deep Relationships with High Quality Customer Base</b>	<ul style="list-style-type: none"> <li>Established relationships with well over 380 transit authorities who operate approximately 87% of the heavy-duty transit buses in the U.S. and Canada in 2014. 24 out of 25 largest transit agencies operate New Flyer, NABI or Orion buses</li> </ul>
<b>Leadership in Product Offering and Technology</b>	<ul style="list-style-type: none"> <li>Market leader with a proven next generation Xcelsior transit bus platform</li> <li>Most transit propulsion options: diesel, natural gas, electric trolley, diesel-electric hybrid &amp; battery-electric</li> <li>Leading in-house engineering and new product development capabilities</li> </ul>
<b>Well Positioned Against Competitors</b>	<ul style="list-style-type: none"> <li>With approximately 80,000 heavy-duty transit buses currently in service (Can/US), the company supports the largest installed base with over 50% being New Flyer, NABI or Orion buses</li> <li>Integrated aftermarket parts and services operation</li> <li>Compliance with Buy-America legislation and Canadian provincial policies regarding Canadian content</li> </ul>
<b>Multi-Faceted Growth Strategy</b>	<ul style="list-style-type: none"> <li>Focused on completing the integration of NABI into New Flyer providing overhead and supply synergies</li> <li>Growth of “clean technology” aligned with New Flyer product offering and engineering capabilities</li> <li>Monitor a robust pipeline of M&amp;A opportunities to diversify product offerings and geographic footprint</li> </ul>
<b>Experienced Executive Team</b>	<ul style="list-style-type: none"> <li>Deep industry experience and track record to position the business for growth and increased profitability</li> <li>Proven ability to complete and integrate strategic acquisitions</li> <li>Extensive LEAN transformation and operational experience</li> </ul>
<b>Strong Free Cash Flow Generation</b>	<ul style="list-style-type: none"> <li>Strong/Predictable free cash flow supported by attractive EBITDA margin and high cash conversion ratio</li> <li>Low operating leverage with fixed costs representing approximately 10% of total bus manufacturing cost structure</li> </ul>

Source: Company filings, management estimates



## DEFINITIONS OF EBITDA, ADJUSTED EBITDA AND FREE CASH FLOW

References to “EBITDA” are to earnings before interest, income taxes, depreciation and amortization, and unrealized foreign exchange losses or gains on non-current monetary items. References to “Adjusted EBITDA” are to EBITDA after adjusting for: the effects of certain non-recurring and/or non-operations related items that have impacted the business and are not expected to recur, including non-recurring transitional costs relating to business acquisitions, product rationalization costs, impairment loss on equipment and intangible assets, realized investment tax credits (“ITCs”), stock-based compensation and costs associated with assessing strategic and corporate initiatives.

Management believes EBITDA, Adjusted EBITDA and Free Cash Flow (as defined below) are useful measures in evaluating the performance of the Company. “Free Cash Flow” means 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, costs associated with assessing strategic and corporate initiatives, product rationalization costs, defined benefit expense, cash capital expenditures, realized ITCs and principal payments on capital leases. However, EBITDA, Adjusted EBITDA and Free Cash Flow are not recognized earnings measures and do not have standardized meanings prescribed by IFRS. Readers of this presentation are cautioned that EBITDA, Adjusted EBITDA and Free Cash Flow should not be construed as an alternative to net earnings or loss determined in accordance with IFRS as an indicator of New Flyer's performance or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. A reconciliation of net earnings and cash flow to EBITDA and Adjusted EBITDA, based on the Financial Statements, has been presented In Management’s Discussion and Analysis of Financial Condition under the heading “Reconciliation of Net Earnings to EBITDA and Adjusted EBITDA” and “Reconciliation of Cash Flow to EBITDA and Adjusted EBITDA”, respectively. A reconciliation of Free Cash Flow to cash flows from operations is provided under the heading “Summary of Free Cash Flow”.

New Flyer’s method of calculating EBITDA, Adjusted EBITDA and Free Cash Flow may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers. Dividends paid from Free Cash Flow are not assured, and the actual amount of dividends received by holders of Shares will depend on, among other things, the Company's financial performance, debt covenants and obligations, working capital requirements and future capital requirements, all of which are susceptible to a number of risks, as described in New Flyer’s public filings available on SEDAR at [www.sedar.com](http://www.sedar.com).