

New Flyer Announces 2015 First Quarter Results and Increase in Annual Dividend Rate

Summary (U.S. dollars except as noted):

- Revenue of \$380.3 million increased by 17.4% compared to 2014 Q1 revenue of \$323.9 million.
- Consolidated Adjusted EBITDA of \$31.4 million increased by 59.7% compared to 2014 Q1 consolidated Adjusted EBITDA of \$19.7 million.
- Net earnings of \$10.9 million in 2015 Q1 increased 97.9% compared to \$5.5 million in 2014 Q1 and earnings per share of \$0.20 increased from \$0.10 in 2014 Q1.
- Liquidity improved by \$17.1 million to \$90.3 million during 2015.
- Free Cash Flow of C\$12.3 million generated in 2015 Q1 increased 16.7% compared to \$10.6 million in 2014 Q1 while dividends of C\$8.1 million were declared in both periods.
- Annual dividend rate increased to C\$0.62 from the current rate of C\$0.585, effective for dividends declared subsequent to May 6, 2015.

WINNIPEG, May 6, 2015 - New Flyer Industries Inc. (TSX:NFI) (TSX:NFI.DB.U) ("New Flyer" or the "Company"), the leading manufacturer of heavy-duty transit buses in Canada and the United States, today announced its results for the 13-week period ended March 29, 2015 ("2015 Q1"). Full unaudited financial statements and Management's Discussion and Analysis (the "MD&A") are available at the Company's web site at: www.newflyer.com/index/financialreport. Unless otherwise indicated all monetary amounts in this press release are expressed in U.S. dollars.

Bus Deliveries (U.S. dollars in thousands)	2015 Q1	2014 Q1	Change
Number of equivalent units ("EUs") delivered	572	554	3.2%
Average EU selling price	\$508.2	\$452.8	12.2%

Consolidated Revenue (U.S. dollars in millions)	2015 Q1	2014 Q1	change
Bus	\$ 290.7	\$ 250.9	15.9%
Aftermarket	89.6	73.0	22.8%
Total Revenue	380.3	323.9	17.4%

- Bus manufacturing revenue increased primarily from the increase in deliveries and a sales mix with a higher average bus selling price than during the 13-week period ended

March 30, 2014 ("2014 Q1"). The average selling price can be volatile when comparing fiscal quarters as a result of sales mix.

- The increase in aftermarket operations revenue is primarily a result of increased volumes from the Chicago Transit Authority ("CTA") mid-life overhaul program and increased U.S. parts sales due to aging fleets. The CTA mid-life overhaul program stream of revenue is expected to continue until June 2015. Excluding the CTA mid-life overhaul program the revenue from aftermarket operations for 2015 Q1 was \$73.1 million compared to \$66.4 million in 2014 Q1 which represents an increase of 10.0% in the aftermarket core business.

Consolidated Adjusted EBITDA (U.S. dollars in millions)	2015 Q1	2014 Q1	change
Bus	14.7	7.8	90.1%
Aftermarket	16.7	11.9	40.0%
Total Adjusted EBITDA	31.4	19.7	59.7%
change			
<u>Adjusted EBITDA as a % of revenue</u>			
Bus	5.1%	3.1%	2.0%
Aftermarket	18.6%	16.3%	2.3%
Total	8.3%	6.1%	2.2%

- The increase in 2015 Q1 bus manufacturing operations Adjusted EBITDA as compared to 2014 Q1 is primarily due to increased margins when comparing the two periods. Management had anticipated and previously provided guidance that, on average, margins on orders planned for production in Fiscal 2015 are expected to be higher than the average margins achieved during Fiscal 2014. Adjusted EBITDA from bus manufacturing operations per EU can be volatile on a quarterly basis and therefore, management believes that a longer term view should be taken when comparing bus manufacturing operations margins.
- 2015 Q1 aftermarket operations Adjusted EBITDA increased primarily due to the additional Adjusted EBITDA generated by the CTA mid-life overhaul program and improved profit margins. Management believes that the aftermarket operations' core business is improving as a result of improved aftermarket parts market fundamentals and the benefits to the product mix that has resulted from a broader portfolio of services and parts offerings to customers.

Net Earnings (U.S. dollars in millions except per share figure)	2015 Q1	2014 Q1	\$ change
Earnings from operations	20.2	10.4	9.8
Non-cash charges	(1.9)	(0.4)	(1.5)
Finance costs	(4.1)	(3.3)	(0.8)
Income tax expense	(3.3)	(1.2)	(2.1)
Net earnings	10.9	5.5	5.4
Net earnings per share	\$0.20	\$0.10	\$0.10

The Company reported net earnings of \$10.9 million in 2015 Q1 compared to net earnings of \$5.5 million in 2014 Q1, primarily as a result of improved earnings from operations offset by the increase in non-cash charges, finance costs and income tax expense.

Liquidity

Liquidity Position (U.S. dollars in millions)	March 29 2015	December 28 2014	\$ change
Cash	\$ 7.6	17.5	-9.9
Available funds from revolving credit facility	82.7	55.7	27.0
Total liquidity position	\$ 90.3	73.2	17.1

As at March 29, 2015, there were \$13.0 million of direct borrowings and \$19.3 million of outstanding letters of credit related to the \$115.0 million revolving credit facility ("Revolver").

During 2015 Q1, the Company increased its liquidity position primarily as a result of increased cash flows from the change in non-cash working capital, primarily made up of a decrease in accounts receivables and increased income taxes payables offset by decreased deferred revenue and accounts payables.

Free Cash Flow (CAD dollars in millions)	2015 Q1	2014 Q1	Change
Free Cash Flow	12.3	10.6	16.7%
Declared dividends	8.1	8.1	0%

The Free Cash Flow payout ratio of 65.8% in 2015 Q1 improved as compared to 76.8% during 2014 Q1.

The Company's board of directors (the "Board") has approved an annual dividend rate increase to C\$0.62 from the current rate of C\$0.585, effective for dividends declared subsequent to May 6, 2015. Management believes that the new dividend rate has been established at a sustainable level. The Board expects to maintain dividends at this new rate on a monthly basis, although such distributions are not assured.

Outlook

Management continues to focus on executing its plan to phase out production of the NABI bus models from the Anniston, AL facility and transition to the Xcelsior® platform. The completion of the transition is on target for the second half of 2015. Management expects the transition to allow for improvement in competitiveness by leveraging combined bus volume, production, and purchasing for greater efficiencies.

Management expects to invest, in total, approximately \$20.0 million in direct operating costs and capital expenditures to complete the transition by utilizing operating cash flow and current credit facilities. Of this total, the Company had incurred \$4.4 million of costs and invested \$4.8 million in capital expenditures as of March 29, 2015. Management anticipates these direct operating and capital expenditures will be paid back through captured cost reductions and synergies. Currently the annualized cost savings are expected to be \$12.2 million once fully implemented.

Management anticipates the increased bus margins for Fiscal 2015 will substantially mitigate the loss of Adjusted EBITDA derived from the Company's investment tax credits, which were substantially realized during Fiscal 2014. The Company realized \$11.7 million of ITCs in Fiscal 2014 and realized the final \$0.2 million in 2015 Q1.

The New Flyer backlog and orders anticipated to be awarded by customers under new procurements are expected to enable the Company to continue to operate at a corporate average line entry rate of approximately 51 EUs (including MiDi®) per production week for Fiscal 2015. Production rates may vary from quarter to quarter due to sales mix and the introduction of the Xcelsior® into the Anniston, AL facility in Fiscal 2015.

On April 11, 2015, the Company announced that the members of the UNIFOR main collective bargaining unit at NFI's Winnipeg facility had ratified a new collective bargaining agreement. This new three-year contract commenced on April 1, 2015 and will expire on March 31, 2018 and replaces the previous three-year agreement that expired on March 31, 2015.

Conference Call

A conference call for analysts and interested listeners will be held on Thursday May 7, 2015 at 8:00 a.m. (ET). The call-in number for listeners is 888-231-8191 or 647-427-7450. A live audio feed of the call will also be available at:

<http://event.on24.com/r.htm?e=980599&s=1&k=51DB20AC1C34F34F9BC16C9090F31549>

A replay of the call will be available from 11:00 a.m. (ET) on May 7, 2015 until 11:59 p.m. (ET) on May 14, 2015. To access the replay, call 416-849-0833 or 855-859-2056 and then enter pass code number 26335069. The replay will also be available on New Flyer's web site at www.newflyer.com.

Non-IFRS Measures

"Earnings from Operations" refer to earnings before interest, income taxes and unrealized foreign exchange losses or gains on non-current monetary items. "Adjusted EBITDA" consists of earnings before interest, income taxes, depreciation, amortization and other non-cash charges and certain other non-recurring charges as set out in the MD&A. "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. Management believes Earnings from Operations, Adjusted EBITDA and Free Cash Flow are useful measures in evaluating the performance of the Company. However, Earnings from Operations and Adjusted EBITDA and Free Cash Flow are not recognized earnings measures and do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS") and may not be comparable to similarly titled measures used by other issuers. Readers are cautioned that Earnings from Operations and Adjusted EBITDA and should not be construed as an alternative to net earnings or loss determined in accordance with IFRS as an indicator of the Company's performance, and Free Cash Flow should not be construed as an alternative to cash flows from operating, investing and financing activities determined in accordance with IFRS, as a measure of liquidity and cash flows. A reconciliation of Adjusted EBITDA and Free Cash Flow to net earnings and cash flow from operations, respectively, is provided in the MD&A.

About New Flyer

New Flyer is the leading manufacturer of heavy-duty transit buses in the United States and Canada. The Company is the industry technology leader and offers the broadest product line of transit buses including drive systems powered by: clean diesel, natural gas, electric trolley, diesel-electric hybrid and now, battery electric. All buses are supported by an industry-leading comprehensive warranty and support program, and service network. New Flyer also operates the industry's most sophisticated aftermarket parts organization, sourcing parts from hundreds of different suppliers and providing support for all types of heavy-duty transit buses.

The New Flyer group of companies employ over 3,300 team members with manufacturing, fabrication, parts distribution and service centers in both Canada and the United States. Further information is available on New Flyer's web site at www.newflyer.com.

The common shares and convertible unsecured subordinated debentures of the Company are traded on the Toronto Stock Exchange under the symbols NFI and NFI.DB.U, respectively.

Forward-Looking Statements

Certain statements in this press release 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. The words "believes", "anticipates", "plans", "expects", "intends", "projects", "forecasts", "estimates" and similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect management's current expectations regarding future events and operating performance and speak only as of the date of this press release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Such differences may be caused by factors which include, but are not limited to, availability of funding to the Company's customers to purchase buses and to exercise options and to purchase parts or services at current levels or at all, aggressive competition and reduced pricing in the industry, material losses and costs may be incurred as a result of product warranty issues and product liability claims, changes in Canadian or United States tax legislation, the absence of fixed term customer contracts and the termination of contracts by customers for convenience, the current U.S federal "Buy-America" legislation, certain states' U.S. content bidding preferences and certain Canadian content purchasing policies may change and/or become more onerous, production delays may result in liquidated damages under the Company's contracts with its customers, the Company's ability to execute its planned production targets as required for current business and operational needs, currency fluctuations could adversely affect the Company's financial results or competitive position in the industry, the Company may not be able to maintain performance bonds or letters of credit required by its existing contracts or obtain performance bonds and letters of credit required for new contracts, third party debt service obligations may have important consequences to the Company, the covenants contained in the Company's senior credit facility ("Credit Facility") and the indenture governing its Debentures could impact the ability of the Company to fund dividends and take certain other actions, interest rates could change substantially and materially impact the Company's profitability, the dependence on limited sources of supply, the timely supply of

materials from suppliers, the possibility of fluctuations in the market prices of the pension plan investments and discount rates used in the actuarial calculations will impact pension expense and funding requirements, the Company's profitability and performance can be adversely affected by increases in raw material and component costs, the availability of labour could have an impact on production levels, new products must be tested and proven in operating conditions and there may be limited demand for such new products from customers, the ability to successfully complete the product rationalization of the NABI bus platform to the Xcelsior® on budget and on schedule and to achieve the projected costs savings, the ability of the Company to successfully execute strategic plans and maintain profitability, risks related to acquisitions, joint ventures, and other strategic relationships with third parties and the ability to successfully integrate acquired businesses and assets into the Company's existing business and to generate accretive effects to income and cash flow as a result of integrating these acquired businesses and assets. The Company cautions that this list of factors is not exhaustive. These factors and other risks and uncertainties are discussed in its press releases and materials filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com.

Although the forward-looking statements contained in this press release are based upon what management believes to be reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward-looking statements, and the differences may be material. These forward-looking statements are made as of the date of this press release and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws.

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