

New Flyer Announces 2016 Third Quarter Results

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

- 2016 results include the acquisition of Motor Coach Industries ("MCI") effective December 18, 2015
- Revenue of \$511.5 million increased by 40.3% compared to 2015 Q3 revenue of \$364.7 million.
- Adjusted EBITDA of \$63.8 million increased by 75.8% compared to 2015 Q3 of \$36.3 million.
- Net earnings of \$26.0 million increased 57.0% compared to \$16.6 million in 2015 Q3 and earnings per share of \$0.43 increased from \$0.30 in 2015 Q3.
- Liquidity improved by \$12.8 million to \$255.6 million compared to 2016 Q2.
- Free Cash Flow of C\$48.9 million increased 121.3% compared to \$22.1 million in 2015 Q3 while dividends of C\$14.5 million were declared compared to C\$8.6 million during 2015 Q3.
- 2016 YTD Free Cash Flow payout ratio of 22.8% compared to 41.3% in 2015 YTD.

WINNIPEG, November 10, 2016 - New Flyer Industries Inc. (TSX:NFI) (TSX:NFI.DB.U) (the "Company"), the largest transit bus and motor coach manufacturer and parts distributor in North America, today announced its results for the 13-week period ended October 2, 2016 ("2016 Q3"). The unaudited interim condensed financial statements and Management's Discussion and Analysis (the "MD&A") are available at the Company's web site at: www.newflyer.com. Unless otherwise indicated all monetary amounts in this press release are expressed in U.S. dollars.

Operating Results

Transit Bus and Coach Deliveries	2016	2015	%	2016	2015	%
Equivalent units ("EUs")	Q3	Q3	change	YTD	YTD	change
New transit bus and coach	777	625	24.3%	2,518	1,791	40.6 %
Pre-owned coach	70	—	100.0%	280	—	100.0 %
Number of Total EUs delivered	847	625	35.5%	2,798	1,791	56.2 %
New transit bus and coach average selling price	\$ 518.4	\$ 468.8	10.6%	\$ 515.0	\$ 485.5	6.1 %
Pre-owned coach average selling price	137.7	—	100.0%	130.8	—	100.0 %
Total average EU selling price (U.S. dollars in thousands)	\$ 486.9	\$ 468.8	3.9%	\$ 476.5	\$ 485.5	(1.9)%

Consolidated Revenue (U.S. dollars in millions)	2016 Q3	2015 Q3	% change	2016 YTD	2015 YTD	% change
New transit bus and coach	\$ 402.9	\$ 293.0	37.5%	\$ 1,296.8	\$ 869.5	49.1%
Pre-owned coach	9.6	—	100.0%	36.6	—	100.0%
Transit Bus and Coach Manufacturing	412.5	293.0	40.8%	1,333.4	869.5	53.4%
Aftermarket	99.0	71.7	38.1%	318.3	250.5	27.1%
Total Revenue	\$ 511.5	\$ 364.7	40.3%	\$ 1,651.7	\$ 1,120.0	47.5%

Revenue from transit bus and coach manufacturing operations for 2016 Q3 increased by 40.8% compared to the 13-week period ended September 27, 2015 ("2015 Q3"), primarily resulting from a 24.3% increase in total transit bus and coach deliveries compared to 2015 Q3 and a 10.6% increase in the average selling price of new buses and coaches resulting from a favourable sales mix which now includes coaches. The deliveries increased primarily as a result of the inclusion of MCI's new and pre-owned coaches. Similarly, bus and coach revenue for the 40-week period ended October 2, 2016 ("2016 YTD") increased by 53.4% compared to the 39-week period ended September 27, 2015 ("2015 YTD"), primarily as a result of an increase in new bus and coach deliveries of 40.6% and a 6.1% increase in the average selling price of new transit buses and coaches.

Revenue from aftermarket operations for 2016 Q3 increased by 38.1% compared to 2015 Q3 and increased 27.1% in 2016 YTD compared to 2015 YTD, primarily as a result of MCI's aftermarket revenues. The pro forma aftermarket business revenue (which includes MCI) for 2015 Q3 was \$105.7 million and \$105.0 million when excluding the revenue from the Chicago Transit Authority ("CTA") mid-life overhaul program. Therefore, the core aftermarket revenue in 2016 Q3 decreased 5.7% compared to the pro forma aftermarket revenue for the core business in 2015 Q3, but remained essentially flat in 2016 YTD compared to 2015 YTD. Management believes that the increase in new bus and coach sales in recent years leading to increased fleet replacement has had a short term dampening effect on the aftermarket parts business. 2016 YTD also had an extra week compared to 2015 YTD.

Consolidated Adjusted EBITDA (U.S. dollars in millions)	2016 Q3	2015 Q3	% change	2016 YTD	2015 YTD	% change
Transit Bus and Coach Manufacturing	\$ 43.8	\$ 21.6	102.8%	\$ 149.8	\$ 58.8	154.8%
Aftermarket	20.0	14.7	36.1%	62.5	48.1	29.9%
Total Adjusted EBITDA	\$ 63.8	\$ 36.3	75.8%	\$ 212.3	\$ 106.9	98.6%
<u>Adjusted EBITDA % of revenue</u>						
Transit Bus and Coach Manufacturing	10.6%	7.4%	3.2%	11.2%	6.8%	4.4%
Aftermarket	20.2%	20.5%	-0.3%	19.6%	19.2%	0.4%
Total	12.5%	10.0%	2.5%	12.8%	9.5%	3.3%

Consolidated Adjusted EBITDA increased by 75.8% and 98.6% during 2016 Q3 and 2016 YTD respectively, compared to their corresponding periods in the previous year, which is primarily a result of increased unit deliveries and improved margins. Contributors to the increase in margin in the period is a very favourable sales mix (experienced in the past few quarters), cost savings recognized as a result of MCI synergies and the full impact from the New Flyer and NABI product rationalization.

Bus and Coach Adjusted EBITDA per new EU delivered (U.S. dollars)	2016 Q3	2015 Q3	\$ change	2016 YTD	2015 YTD	\$ change
Transit bus and coach manufacturing Adjusted EBITDA (in millions)	\$ 43.8	\$ 21.6	\$ 22.2	\$ 149.8	\$ 58.8	\$ 91.0
New transit bus and coach deliveries (EUs)	777	625	152	2,518	1,791	727
Bus and Coach Adjusted EBITDA per new EU delivered (in thousands)	\$ 56.4	\$ 34.6	\$ 21.8	\$ 59.5	\$ 32.8	\$ 26.7

Pre-owned coaches are sold at effectively break even and are therefore the related deliveries are not included in the calculation of bus and coach Adjusted EBITDA per new EU delivered.

The bus and coach manufacturing Adjusted EBITDA per EU delivered in 2016 Q3 has increased by \$21.8 thousand compared to 2015 Q3. The pro forma Adjusted EBITDA per EU delivered in 2015 Q3 was \$40.0 thousand, the acquisition of MCI having increased Adjusted EBITDA per EU by \$5.4 thousand. The remaining increase of \$16.4 thousand of Adjusted EBITDA per EU delivered in 2016 Q3 compared to 2015 Q3 is a result of margin enhancements, contributed by higher sales price, cost savings recognized as a result of MCI synergies, cost reductions as a result of the full impact from the New Flyer and NABI product rationalization, on-going continuous improvements efforts and a favourable sales mix.

Similarly, the bus and coach manufacturing Adjusted EBITDA per EU delivered in 2016 YTD has increased by \$26.7 thousand compared to 2015 YTD. The pro forma Adjusted EBITDA per EU delivered in 2015 YTD was \$39.8 thousand, the acquisition of MCI having increased Adjusted EBITDA per EU by \$7.0 thousand. The remaining increase of \$19.7 thousand of Adjusted EBITDA per EU delivered in 2016 YTD compared to 2015 YTD is a result of margin enhancements and a favourable sales mix.

Margins vary significantly between orders due to factors such as pricing, order size, propulsion system, product type and components specified by the customer. Management cautions readers that quarterly transit bus and coach manufacturing Adjusted EBITDA can be volatile and should be considered over a period of several quarters.

The 2016 Q3 aftermarket operations Adjusted EBITDA increased 36.1% compared to 2015 Q3, primarily as a result of the addition of MCI's aftermarket business. As well, the 2016 YTD aftermarket Adjusted EBITDA increased 29.9% compared to 2015 YTD.

Net earnings (U.S. dollars in millions)	2016 Q3	2015 Q3	\$ change	2016 YTD	2015 YTD	\$ change
Earnings from operations	\$ 46.6	\$ 25.0	21.6	\$ 155.3	\$ 68.9	86.4
Non-cash (loss) gain	(1.4)	(1.0)	(0.4)	(0.4)	(2.1)	1.7
Interest expense	(2.9)	(3.5)	0.6	(24.6)	(10.7)	(13.9)
Income tax expense	(16.3)	(3.9)	(12.4)	(47.0)	(16.3)	(30.7)
Net earnings	\$ 26.0	\$ 16.6	9.4	\$ 83.3	\$ 39.8	43.5
Net earnings per share (basic)	\$ 0.43	\$ 0.30	\$ 0.13	\$ 1.42	\$ 0.72	\$ 0.70

Net earnings for 2016 Q3 increased by 57.0% compared to 2015 Q3, primarily as a result of improved Earnings from Operations offset by the increase in income tax expense. The increase in the 2016 Q3 effective tax rate when compared to 2015 Q3, is primarily a result of the revision of tax estimates and foreign exchange impact on translation of foreign branch operations and the term credit facility.

Net earnings per common share ("Share") of \$0.43 increased compared to \$0.30 per Share generated during 2015 Q3. Similarly, net earnings for 2016 YTD increased by 109.5% compared to 2015 YTD.

Liquidity

Free Cash Flow and Declared Dividends (CAD dollars in millions)	2016 Q3	2015 Q3	% change	2016 YTD	2015 YTD	% change
Free Cash Flow	\$ 48.9	\$ 22.1	121.3%	\$ 171.2	\$ 60.9	181.1%
Declared dividends	\$ 14.5	\$ 8.6	68.6%	\$ 39.1	\$ 25.2	55.2%

The Company generated Free Cash Flow of C\$48.9 million compared to C\$22.1 million in 2015 Q3, primarily as a result of improved Earnings from Operations. The Company's declared dividends of C\$14.5 million increased compared to C\$8.6 million in 2015 Q3, primarily as a result of conversion of the Company's 6.25% convertible debentures (the "Debenture") to Shares and the 35.7% annual dividend rate increase announced in May 2016. The current annual dividend rate is C\$0.95 per Share.

The Company generated Free Cash Flow of C\$171.2 million during 2016 YTD compared to C\$60.9 million in 2015 YTD. The Company declared dividends in 2016 YTD of C\$39.1 million compared to C\$25.2 million in 2015 YTD. The 2016 YTD Free Cash Flow payout ratio is 22.8% compared to 41.3% in 2015 YTD.

The October 2, 2016 liquidity position of \$255.6 million is comprised of \$256.1 million available under the Company's revolving credit facility less \$0.5 million of bank indebtedness, compared to a liquidity position of \$242.8 million at July 3, 2016. The liquidity has improved \$12.8 million or 5.5% during 2016 Q3. The increased liquidity relates to improved cash flow from operations and focused cash management during 2016 Q3 assisted in mitigating the negative working capital impact of the New Jersey Transit ("NJ Transit") contract suspension. Management believes these funds, together with other borrowings capacity and the cash generated from the Company's operating activities and access to capital markets for debt and equity issuances, will provide the Company with sufficient liquidity and capital resources to meet its current financial obligations as they come due, as well as providing funds for its financing requirements, capital expenditures, dividend payments and other operational needs for the foreseeable future.

The Company's total leverage ratio of 2.08 at October 2, 2016 has improved from 2.91 at December 27, 2015.

Outlook

The Company's annual operating plan for the 53-weeks ending January 1, 2017 ("Fiscal 2016") is focused on maintaining and growing its leading market position in the heavy-duty transit bus and motor coach markets through enhanced competitiveness.

Management continues to gain knowledge and experience about the motor coach business and is developing a long-term integration/combination plan for operating MCI. The focus to date has been on culture, facilities upgrades, investigating information technology harmonization potential, build quality and customer service. To date, MCI has performed to management's acquisition case, and management believes approximately \$7.6 million of the targeted annual cost saving synergies of approximately \$10 million have been achieved through the rationalization of corporate costs and the coordination of basic sourcing and purchasing activities. Approximately 30% of these annualized cost savings have been recorded in 2016 YTD net earnings.

On July 7, 2016, after the first five coaches were accepted, NJ Transit advised MCI that the replenishment of the New Jersey Transportation Trust Fund Account (the "TTFA") had been delayed and that New Jersey Governor Christie had issued an Executive Order directing the immediate and orderly shutdown of all ongoing work funded under the TTFA.

On October 14, 2016, the New Jersey Governor issued another Executive Order lifting the suspension of all work funded under the TTFA. NJ Transit has formally advised MCI to commence delivery of the completed coaches and to start inducting new coaches into production.

As schedules for the inspections by NJ Transit at MCI's facility and by the New Jersey Department of Transportation upon arrival of the coaches in New Jersey are variable, management anticipates that approximately 50 completed coaches will be sold in 2016, with the remaining coaches being sold in the first quarter of 2017. As a result of these 50 coaches being delivered in 2016, management now expects the Company to deliver approximately 3,500 EUs in Fiscal 2016 as compared to 3,265 EUs (New Flyer plus pro forma MCI) in Fiscal 2015 (52-week period).

During its fiscal 2015, MCI recorded 71% of annual new coach deliveries during the first three quarters of that year and 29% during the last quarter. Management expects similar coach revenue seasonality for Fiscal 2016. In addition to the expected seasonal impact, there will also be an impact as a result of NJ Transit coach deliveries that will now be delivered during the fourth quarter of 2016. The Company's transit bus business does not experience the same season fluctuations as the coach business.

The Company's Bid Universe metric estimates active public competitions in Canada and the United States and attempts to provide an overall indication of expected heavy-duty transit bus and motor coach public sector market demand. It is a point-in-time snapshot of: (i) EUs in active competitions, defined as all requests for proposals ("RFPs") received by the Company and in process of review plus bids submitted by the Company and awaiting customer action, and (ii) management's forecast of expected EUs to be placed out for competition over the next five years.

The total number of active bids at the end of 2016 Q3 was 6,597 EUs, a significant increase of 2,399 EUs over the 13-weeks ended July 3, 2016 ("2016 Q2"). The number of EUs in the total Bid Universe at the end of 2016 Q3 was 23,735 EUs, which is an increase of 4,403 EUs over 2016 Q2.

The Company expects to deliver new transit buses and coaches of approximately 3,650 EUs during the 52-weeks ended December 31, 2017 ("Fiscal 2017").

Management believes that growth in the coach and transit bus aftermarket industry will be in the range of zero to 2% in 2017. This expectation is due to a number of factors such as:

- The increase in new and coach bus deliveries in recent years to medium and large operators has resulted in enhanced fleet replacement, creating somewhat of a dampening effect on the aftermarket business, and
- Overall transit bus and coach fleet size and utilization remain fairly consistent which drives demand for routine bus preventive maintenance and repair.

While overall industry aftermarket growth is anticipated to be relatively flat, the Company continues to focus on enhancing customer service levels, growing New Flyer's market share and improving efficiency, profitability and working capital utilization.

Conference Call

A conference call for analysts and interested listeners will be held on Friday November 11, 2016 at 8:00 a.m. (CT). The call-in number for listeners is 888-231-8191, 647-427-7450 or 403-451-9838. A live audio feed of the call will also be available at:

<http://event.on24.com/r.htm?e=1292438&s=1&k=481D9C952104F4CC27EB4EFCF69C4075>

A replay of the call will be available from 11:00 a.m. (CT) on November 11, 2016 until 11:59 p.m. (CT) on November 17, 2016. To access the replay, call 855-859-2056 or 416-849-0833 and then enter pass code number 3255456. 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, past service costs, 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 investment tax credits, fair value adjustment to MCI's inventory and deferred revenue, proportion of the total return swap realized 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, 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 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 the Company

The Company is the largest transit bus and motor coach manufacturer and parts distributor in North America with fabrication, manufacturing, distribution and service centers in Canada and the United States and employs approximately 5,000 team members.

Through its Canadian and U.S. subsidiaries, NFI ULC and NFAI, the Company is North America's heavy-duty transit bus leader and offers a high quality transit bus product line (Xcelsior® and MiDi® models), incorporating the broadest range of drive systems available, including: clean diesel, natural gas, diesel-electric hybrid, electric-trolley and now battery-electric. New Flyer actively supports over 42,000 heavy-duty transit buses (New Flyer, NABI and Orion) currently in service.

Through its Canadian and U.S. subsidiaries, Motor Coach Industries Limited and Motor Coach Industries, Inc., the Company is the leader in motor coaches in Canada and the U.S., MCI offers a J-model which is the industry's best-selling intercity coach for 11 consecutive years, and the D-model, the industry's best-selling coach line in North American motor coach history. MCI is also the exclusive distributor of the Setra S417 and S407 in the United States and Canada. MCI actively supports over 28,000 MCI motor coaches currently in service and offers 24-hour roadside assistance 365 days a year.

The Company also operates North America's most comprehensive aftermarket parts organization providing support for all types of transit buses and motor coaches. All New Flyer's transit buses and MCI's coaches are supported by an industry-leading comprehensive warranty, service and support network.

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 transit buses and coaches 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 suspension or 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 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 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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