

New Flyer Announces 2017 Third Quarter Results

Summary of 2017 Q3 results compared to 2016 Q3 (U.S. Dollars except as noted) :

- Revenue of \$541.7 million increased by 5.9%.
- Adjusted EBITDA of \$71.0 million increased by 11.3%.
- Net earnings of \$34.6 million increased 33.0% and earnings per share of \$0.55 increased 27.9%.
- Liquidity increased by \$94.0 million to \$349.6 million as a result of improved cash flow from operations.
- Free Cash Flow of C\$25.9 decreased 47.0% primarily a result of increased capital expenditures.

WINNIPEG, November 8, 2017 - New Flyer Industries Inc. (TSX:NFI) (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 1, 2017 ("2017 Q3"). The unaudited interim condensed consolidated financial statements ("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.

Year-over-year comparisons reported in the MD&A compare the 39-week period ended October 1, 2017 ("2017 YTD") to the 40-week period ended October 2, 2016 ("2016 YTD"). Also, as a result of the organizational changes effective January 2, 2017, the service function, which was previously managed as part of the aftermarket operations, is now the responsibility of the transit bus and coach manufacturing operations. To improve the comparability, the related prior year segment information has been restated to reflect these changes.

2017 Third Quarter Financial Results

Transit Bus and Coach Deliveries (EUs)	2017 Q3	2016 Q3	% change	2017 YTD	2016 YTD	% change
New transit bus and coach	877	777	12.9 %	2,760	2,518	9.6 %
Pre-owned coach	89	70	27.1 %	264	280	(5.7)%
Average EU selling price (U.S. dollars in thousands)		(restated)			(restated)	
New transit bus and coach average selling price	\$ 506.5	\$ 527.2	(3.9)%	\$ 514.2	\$ 523.1	(1.7)%
Pre-owned coach average selling price	110.9	137.7	(19.5)%	115.0	130.8	(12.1)%

Consolidated Revenue (U.S. dollars in millions)	2017 Q3	2016 Q3	% change	2017 YTD	2016 YTD	% change
		(restated)			(restated)	
New transit bus and coach	\$ 444.2	\$ 409.6	8.4 %	\$ 1,419.1	\$ 1,317.2	7.7 %
Pre-owned coach	9.9	9.6	3.1 %	30.4	36.6	(16.9)%
Transit Bus and Coach Manufacturing	454.1	419.2	8.3 %	1,449.5	1,353.8	7.1 %
Aftermarket	87.6	92.3	(5.1)%	277.8	297.9	(6.7)%
Total Revenue	\$ 541.7	\$ 511.5	5.9 %	\$ 1,727.3	\$ 1,651.7	4.6 %

Revenue from transit bus and coach manufacturing operations for 2017 Q3 increased by 8.3% compared to the 13-week period ended October 2, 2016 ("2016 Q3") primarily resulted from a 12.9% increase in total new bus and coach deliveries offset by a 3.9% decrease in the average selling price of new transit buses and coaches due to change in sales mix . Similarly, revenue from transit bus and coach manufacturing operations for 2017 YTD increased 7.1% compared to 2016 YTD primarily resulting from increased new transit bus and coach deliveries of 9.6% offset by a 1.7% decrease in the average selling price.

Revenue from aftermarket operations in 2017 Q3 decreased 5.1% compared to 2016 Q3. The decrease in 2017 Q3 aftermarket operations revenue is primarily a result of customers' inventory reduction, budgetary constraints and fleet modernization impacts. The decrease in 2017 YTD aftermarket operations revenue was also impacted by an extra week in 2016 as compared to 2017.

With the continued strong deliveries of new buses and coaches in the industry, there has been some softening in the current parts market. Management believes that some of the factors causing the decrease in volume are; a decline in the installed base of certain acquired brands no longer in production (such as Orion and NABI), a decrease in the average age of fleets and improved quality of the Xcelsior® and MCI coaches compared to prior models.

The parts leadership team has developed a business strategy that is expected to address the needs of the entire diverse customer base. This new integrated organization is branded as "nfi.parts", which will maintain focus on supporting the two original equipment manufacturer ("OEM") businesses of NFI, while targeting new market opportunities.

Consolidated Adjusted EBITDA (U.S. dollars in millions)	2017 Q3	2016 Q3	% change	2017 YTD	2016 YTD	% change
		(restated)			(restated)	
Transit Bus and Coach Manufacturing*	\$ 54.7	\$ 44.6	22.6 %	\$ 171.4	\$ 150.7	13.7 %
Aftermarket	16.3	19.2	(15.1)%	56.1	61.6	(8.9)%
Total Adjusted EBITDA	\$ 71.0	\$ 63.8	11.3 %	\$ 227.5	\$ 212.3	7.2 %
Adjusted EBITDA % of revenue						
Transit Bus and Coach Manufacturing*	12.0%	10.6%	1.4 %	11.8%	11.1%	0.7 %
Aftermarket	18.6%	20.9%	(2.3)%	20.2%	20.7%	(0.5)%
Total	13.1%	12.5%	0.6 %	13.2%	12.8%	0.4 %

* Transit Bus and Coach Manufacturing's Adjusted EBITDA includes unrealized foreign exchange gains or losses, interest and finance costs and corporate overhead costs.

Bus and Coach Adjusted EBITDA per new EU delivered (U.S. dollars)	2017 Q3	2016 Q3	change	2017 YTD	2016 YTD	change
		(restated)			(restated)	
Transit bus and coach manufacturing Adjusted EBITDA* (in millions)	\$ 54.7	\$ 44.6	\$ 10.1	\$ 171.4	\$ 150.7	\$ 20.7
New transit bus and coach deliveries (EUs)	877	777	100	2,760	2,518	242
Bus and Coach Adjusted EBITDA* per new EU delivered (in thousands)	\$ 62.4	\$ 57.4	\$ 5.0	\$ 62.1	\$ 59.8	\$ 2.3

Consolidated Adjusted EBITDA increased by 11.3% and 7.2% during 2017 Q3 and 2017 YTD respectively, compared to their corresponding periods in the previous year, primarily as a result of increased unit deliveries and improved margins. Contributors to the increase in margin in the period is a favourable sales mix, cost savings synergies relating to the MCI acquisition, continued cost reductions achieved through the Company's operational excellence ("OpEx") initiatives and integration of MCI.

Margins vary significantly between orders due to factors such as pricing due to competitive intensity, 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 2017 Q3 aftermarket operations Adjusted EBITDA decreased 15.1% compared to 2016 Q3, primarily a result of lower sales volumes. As well, the 2017 YTD aftermarket Adjusted EBITDA decreased 8.9% compared to 2016 YTD, partly impacted by an extra week in 2016 YTD.

Net earnings (U.S. dollars in millions)	2017 Q3	2016 Q3	\$ change	2017 YTD	2016 YTD	\$ change
Earnings from operations	\$ 55.1	\$ 46.6	8.5	\$ 184.7	\$ 155.3	29.4
Non-cash gain (loss)	2.0	(1.4)	3.4	4.6	(0.4)	5.0
Interest and finance costs	(4.9)	(2.9)	(2.0)	(14.8)	(24.6)	9.8
Income tax expense	(17.6)	(16.3)	(1.3)	(59.3)	(47.0)	(12.3)
Net earnings	\$ 34.6	\$ 26.0	8.6	\$ 115.2	\$ 83.3	31.9
Net earnings per share (basic)	\$ 0.55	\$ 0.43	\$ 0.12	\$ 1.85	\$ 1.42	\$ 0.43

Net earnings during 2017 Q3 increased by 33.0% compared to 2016 Q3, primarily as a result of improved Earnings from Operations and non-cash gain offset by the increase in interest and finance costs and income tax expense. This resulted in net earnings per common share ("Share") in 2017 Q3 of \$0.55, which increased 27.9% compared to \$0.43 per Share generated during 2016 Q3. Similarly during 2017 YTD, net earnings increased by 38.3% and net earnings per Share increased 30.3%, compared to 2016 YTD.

Liquidity

Free Cash Flow (in millions)	2017 Q3	2016 Q3	% change	2017 YTD	2016 YTD	% change
Free Cash Flow (USD dollars)	\$ 20.8	\$ 37.2	(44.1)%	\$ 101.9	\$ 131.7	(22.6)%
Free Cash Flow (CAD dollars)	25.9	48.9	(47.0)%	132.5	171.2	(22.6)%
Declared dividends (CAD dollars)	\$ 20.5	\$ 14.5	41.4 %	\$ 55.6	\$ 39.1	42.2 %
Payout ratio	79.2%	29.7%	49.5 %	42.0%	22.9%	19.1 %

The Free Cash Flow of C\$25.9 million generated by the Company during 2017 Q3 decreased 47.0% compared to C\$48.9 million in 2016 Q3, primarily as a result of the increased cash capital expenditures, timing of current income tax expense and impact of foreign currency translation caused by a stronger Canadian dollar against the U.S dollar when comparing the two periods. The dividends declared by the Company in 2017 Q3 of C\$20.5 million increased 41.4% compared to C\$14.5 million in 2016 Q3, primarily as a result of the conversion of the convertible debentures into Shares and the 36.8% annual dividend rate increase announced by the Company in May 2017.

The Company generated Free Cash Flow of C\$132.5 million during 2017 YTD a decrease compared to C\$171.2 million in 2016 YTD, primarily resulting from increased cash capital expenditures and current income taxes. The dividends declared by the Company in 2017 YTD of C\$55.6 million increased 42.2% compared to C\$39.1 million in 2016 YTD. The 2017 YTD Free Cash Flow payout ratio (declared dividends divided by Free Cash Flow) of 42.0% increased compared to 22.9% in 2016 YTD.

Property, Plant and Equipment ("PPE") expenditures (USD dollars in millions)	2017 Q3	2016 Q3	% change	2017 YTD	2016 YTD	% change
PPE expenditures	\$ 17.1	\$ 6.4	167.2 %	\$ 33	\$ 16.6	98.8 %
Less PPE expenditures funded by capital leases	(0.7)	(0.8)	(12.5)%	(1.2)	(2.2)	(45.5)%
Cash acquisition of PPE reported on statement of cash flows	\$ 16.4	\$ 5.6	192.9 %	\$ 31.8	\$ 14.4	120.8 %

PPE cash expenditures in 2017 Q3 have increased by 167.2% compared to 2016 Q3 primarily as a result of investments to fund a variety of initiatives such as: MCI's facility improvements, the Company's recently opened Vehicle Innovation Center in Anniston, AL, OpEx activities, insourcing and continuous improvement programs.

The October 1, 2017 liquidity position of \$349.6 million is comprised of available cash of \$15.4 million and \$334.2 million available under the revolving portion of the Company's credit facility ("Credit Facility") increased as compared to a liquidity position of \$268.1 million at January 1, 2017. The increased liquidity relates to improved cash flow from operations during 2017 YTD.

Management believes that return on invested capital ("ROIC") is an important ratio and tool that can be used to assess possible investments against their related earnings and capital utilization. The ROIC during the last twelve

months ended October 1, 2017 of 15.4% increased compared to 14.0% earned during the last twelve months ended October 2, 2016.

Outlook

The Company's annual operating plan for 2017 is focused on maintaining and profitably growing its leading market position in the heavy-duty transit bus, motor coach and aftermarket parts markets through enhanced competitiveness with focuses on quality, customer satisfaction, and operating efficiency.

For Fiscal 2017, the Company maintains its guidance of expecting to deliver approximately 3,800 EUs of new transit buses and motor coaches, an increase of 8.2% from the 53-weeks ended January 1, 2017 ("Fiscal 2016").

With a current healthy production schedule, low leverage, and solid liquidity, management is focused on PPE investment in the range of approximately \$55 to \$65 million during Fiscal 2017, with Fiscal 2018 expenditures expected to be at similar levels.

In addition to the targeted insourcing efforts at the manufacturing plants, the Company plans to make further investment in: MCI facility upgrades, the recently opened Vehicle Innovation Center in Anniston, AL (focused on development of electric, autonomous drive and telematics for buses); service center enhancements, and next generation product development (such as MCI's new D-model coach, battery-electric coach and a 35-foot J-model coach).

The company has succeeded because it provides quality, reliable and affordable bus products and support for many years. Today, the majority of buses are powered by either diesel, diesel-hybrids, or natural gas. The company has consciously chosen to offer multiple propulsion options on proven and common bus platforms to allow choice for unique customer requirements and environments.

There has been much discussion recently in the industry and public media regarding the electrification of transit bus and motor coach fleets to reduce environmental impact. Currently, the market for battery-electric buses in North America is relatively small, but management believes the future of electric buses is a matter of when it will occur, not if it will occur. Management anticipates the proportion will grow given the interested political support and the declining cost of batteries and electric motors. The company characterizes the process as evolution or migration to zero-emission fleets, not a revolution. A number of public transit agencies are now becoming vocal and setting target dates for adoption of all zero emission fleets.

Starting early last year and throughout 2017, MCI has made great progress on the development of its next generation D coach, which was recently unveiled at the Association of Public Transit Agencies (APTA) conference in Atlanta, GA. The new style coach, built on the Model J chassis was very well received by the market, as was its unique low-floor vestibule compartment allowing easy entry and exit for elderly and disabled riders (similar to a transit bus). The new Model D series is currently undergoing extensive testing and customer demonstrations and will be ready for production in early 2018. Other product progress at MCI includes a 35' J Model and development of a battery-electric

motor coach for both public and private operators has been very good. Finally, the model year 2018 product enhancements for the Model J now in production has been met with great fanfare and positive response.

The parts business is dealing with certain sales head winds. This business unit should be viewed as a business in transition as it continues through the combination of the New Flyer and MCI parts businesses into one company, in addition to the significant task of harmonizing the IT systems.

With current business performance and backlog growth healthy, management continues to investigate opportunities for additional growth and diversification. The company continues to evaluate both domestic and international opportunities within the bus envelope as well as within its supply chain, as evidenced by recent acquisitions (Carlson Composites business and the assets of Sintex-Wausaukee Composites Inc.) to take control of and optimize the fabrication of the majority of fiberglass reinforced polymer parts for New Flyer and MCI.

Conference Call

A conference call for analysts and interested listeners will be held on Thursday November 9, 2017 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=1506890&s=1&k=AE24A69F1215F6E03BAC84E0142E75E5>

A replay of the call will be available from 11:00 a.m. (CT) on November 9, 2017 until 11:59 p.m. (CT) on November 16, 2017. To access the replay, call 855-859-2056 or 416-849-0833 and then enter pass code number 85206820. The replay will also be available on New Flyer's web site at www.newflyer.com.

Non-IFRS Measures

"Earnings from Operations" refers 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 losses or gains 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, 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 MCI's inventory and deferred revenue and principal payments on capital leases. References to "ROIC" are net operating profit after taxes (calculated by Adjusted EBITDA less depreciation of plant and equipment and income taxes at 35% US federal tax rate) divided by average invested capital for the last twelve month period (calculated as total debt, net of cash and shareholders' equity).

Management believes Earnings from Operations, Adjusted EBITDA, ROIC and Free Cash Flow are useful measures in evaluating the performance of the Company. However, Earnings from Operations, Adjusted EBITDA, ROIC 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, Adjusted EBITDA and ROIC 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, as applicable, is provided in the MD&A.

About the Company

The Company is North America's largest transit bus and motor coach manufacturer and parts distributor with fabrication, manufacturing, distribution and service centers in Canada and the United States and employs approximately 5,800 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 the best selling product line Xcelsior[®], incorporating the broadest range of drive systems available, including: clean diesel, natural gas, diesel-electric hybrid, electric-trolley and battery-electric. New Flyer actively supports over 44,000 heavy-duty transit buses (New Flyer, NABI and Orion) in service, of which 6,400 are powered by electric or battery propulsion.

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 is largely used by public customers. MCI is also the exclusive distributor of Daimler's Setra models S417 and S407 in the United States and Canada. MCI actively supports over 28,000 motor coaches (MCI and Setra) 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.

Further information is available on the Company's websites at www.newflyer.com. The common shares of the Company are traded on the Toronto Stock Exchange under the symbol NFI.

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 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, trade policies in the United States and Canada (including NAFTA) may undergo significant change, potentially in a manner materially adverse to the Company, 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 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 or unique 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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