

NFI Group Inc. Announces Acquisition of Alexander Dennis Limited

NFI Group Inc., ("NFI") is North America's largest and most diversified bus and coach manufacturer providing market leading transportation solutions under the brands: New Flyer®, MCI®, ARBOC® and NFI Parts™. Tracing its roots back to 1930, NFI has over 74,000 vehicles in service in Canada and the United States.

Alexander Dennis Limited, ("ADL") is one of the world's leading independent bus and coach manufacturers and the number one global producer of double deck buses. With a long history spanning more than a century, ADL has over 31,000 vehicles in service in the UK, Europe, Hong Kong, Singapore, New Zealand, Mexico, Canada and the United States sold under the Alexander Dennis and Plaxton brands.

- **NFI has acquired ADL for £320 million (approximately U.S. \$405 million) representing an implied purchase multiple of 7.3x ADL's fiscal year 2018 Adjusted EBITDA⁽¹⁾. Transaction is expected to be immediately accretive (before potential synergies) to NFI earnings per share and cash flow per share**
- **The transaction was funded through NFI's existing credit facility, a new US\$300 million credit facility and the issuance from treasury, of 1.47 million common shares of NFI, in lieu of cash, to ADL's primary shareholders, including ADL's CEO and CFO**
- **The combined business creates an independent global bus OEM with market leading positions in the United Kingdom, Hong Kong, North America and a growing footprint in Asia Pacific, Latin America and Europe.**
- **The acquisition complements NFI's product offering, diversifies its business model and creates a platform for international growth**
- **ADL's proven products and successful track record of entering and growing in new markets, underpinned by NFI's broad expertise, product offering and strong appetite to invest, is expected to accelerate technology and innovation sharing and development**
- **NFI maintains a conservative balance sheet with pro forma total debt to estimated combined Adjusted EBITDA⁽¹⁾ of approximately 2.9x (as at December 30, 2018)**

Winnipeg, Manitoba, Canada May 28, 2019 - (TSX:NFI) NFI Group Inc. ("NFI" or the "Company") today announced that it has acquired Alexander Dennis Limited ("ADL") for a total transaction value of £320 million on a cash-free, debt-free basis, subject to certain adjustments. All amounts in this press release are in US dollars unless otherwise stated. British pounds sterling have been converted to US dollars using an exchange rate of £1.00=US\$1.2663; 2018 actual figures have been converted at an exchange rate of £1.00=US\$1.3355.

(1) All financial information regarding ADL contained in this presentation has been derived from ADL's financial statements which are prepared in accordance with UK Generally Accepted Accounting Principles ("GAAP"). NFI prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). UK GAAP differs in certain material respects from IFRS. Adjusted EBITDA is a non-IFRS and non-UK GAAP measure. See "Non-IFRS measures" at the end of this press release.

In 2018, ADL generated annual consolidated revenue of £631 million (US\$843 million), from delivering 2,533 buses for manufacturing revenue of £559 million (US\$747 million) and £71 million (US\$95 million) in aftermarket parts and service revenue. During 2018, approximately 49% of ADL's consolidated revenue was generated from the UK, 27% from Asia Pacific markets, 12% from North America with the remaining 12% coming from aftermarket and developing markets. In addition, ADL generated free cash flow of £18 million (US\$24 million). From 2010 to 2018, ADL achieved a compound annual revenue growth rate of 10.5%.

"This is a transformational acquisition for NFI to become a global bus manufacturer," said Paul Soubry, NFI's President and Chief Executive Officer. "ADL is the UK's number one bus manufacturer and the number one global producer of double-deck buses, with an established international presence and is recognized as a leader known for innovative products and a commitment to quality and service. We're thrilled to have ADL join the NFI family in a transaction that we believe will drive our business forward by combining joint strengths in engineering, sales, new product development and manufacturing with NFI's expertise in Operational Excellence, insourcing, fabrication and systems management."

NFI Board Chairman, the Honourable Brian Tobin, P.C. O.C. added, "ADL is a company we know very well, and this acquisition presents a compelling opportunity to make NFI a more diversified and robust business while creating immediate value for our shareholders. NFI's management team has a track record of delivering accretive acquisitions and prudent capital management which we expect to continue through the addition of ADL."

NFI has entered into an agreement with Colin Robertson, ADL's Chief Executive Officer, and Michael Stewart, ADL's Chief Financial Officer, to continue leading ADL. They will also be tasked with leading NFI's international growth ambitions. ADL's primary shareholders along with Messrs. Robertson and Stewart have elected to roll approximately 10% of their transaction consideration into NFI shares ensuring strong ongoing alignment with NFI's existing shareholders.

"We are incredibly proud of the growth and success we've had building Alexander Dennis over the past 15 years, and I'm excited to have the ADL team join NFI – one great bus company joining another", said Colin Robertson. "We believe our consolidated businesses will enhance NFI's market leading position in North America, while improving NFI's offering through combined engineering expertise, supplier partnerships, electric vehicle know-how and aftermarket platforms. Mr. Robertson added, "I look forward to continuing our solid progress at ADL and also championing further international growth for NFI in coordination with Paul and his leadership team".

The transaction presents a number of attractive opportunities for NFI, including:

1. **Market Leadership, International Diversification and a Growth Platform for NFI:** ADL is the number one global producer of double deck buses with an established presence across multiple continents, over 50% market share in the UK, and a growing presence in continental Europe, Asia Pacific and North America. ADL's recent contract win in Berlin, Germany provides a platform for further European expansion while its existing presence in Mexico establishes a model for further Latin American growth.
2. **Enhanced Product Portfolio:** ADL adds to NFI's product portfolio through its class leading, internationally proven line-up of single and double deck buses, and motor coaches. ADL enhances NFI's technical competencies on lightweight chassis and bodies. NFI's electric

vehicle (“EV”) experience will enhance ADL’s international EV offering and ensure both companies drive the future of clean transportation. The combined NFI and ADL business creates the strongest customer offering in North America with the widest range of buses and unrivalled aftermarket support.

3. **Cost Effective Platform:** ADL’s flexible operating model enables the business to enhance competitiveness in existing markets while entering new regions. ADL successfully operates in highly competitive markets through its ability to effectively and efficiently develop innovative new products, leverage local sourcing, create flexible assembly partnerships and establish dedicated aftermarket service.
4. **Financially Compelling:** The transaction is expected to be immediately accretive (before potential synergies) to both earnings per share and free cash flow per share. NFI expects the combined financial results will enable it to de-lever quickly and return to its target of 2.0x to 2.5x total debt to EBITDA within approximately 18 months of closing without impact on the Company’s dividend policy. NFI expects to capture synergies over time and to capitalize on further growth opportunities through a combined approach. The combined NFI and ADL business will explore North American manufacturing, sales, service, and supply chain optimization as well as part fabrication opportunities that may provide additional benefits over time.
5. **Strong Cultural Fit with Commitment to Safety and the Environment:** Through NFI’s longstanding dialogue and prior joint venture with ADL, it became clear that the two companies shared similar cultures and values regarding quality and customer experience. Further, there is a clear alignment with management strategy, market outlook, and EV adoption expectations which should allow for a smooth transition. ADL’s management team remains in place to drive performance and international growth.

The transaction, including related expenses, is being funded through NFI’s existing credit facility capacity, a new US\$300 million credit facility with substantially the same terms as the existing credit facility, and the issuance, from treasury, of 1.47 million NFI common shares, in lieu of cash, to certain primary ADL shareholders, representing approximately 2% of NFI’s outstanding shares following completion of the transaction. At close of the transaction, NFI drew an aggregate of approximately US\$420 million on its credit facilities, resulting in pro forma total debt to pro forma Adjusted EBITDA as of December 30, 2018 of approximately 2.9x.

BMO Capital Markets and HSBC Securities (Canada) Inc. acted as financial advisors and Torys LLP and Eversheds Sutherland (International) LLP acted as legal counsel to NFI in connection with the transaction. BMO Capital Markets and HSBC Bank Canada acted as co-lead arrangers and joint-bookrunners on the new credit facility.

Conference Call and Webcast

NFI will host a conference call at 10:00 AM (ET) on May 28, 2019 to discuss the transaction. The call-in number for listeners is 888-231-8191 or 647-427-7450, or United Kingdom, 0-800-051-7107 or 203-966-2922. During the call, management will be referring to a presentation which will be posted on the NFI website at www.nfigroup.com in the Events and Presentations page of the Investor Relations page.

A live audio feed of the call will also be available at: <https://event.on24.com/wcc/r/2017074/E6283E15F5FDAD0EDE24494743570492>. A replay of the call will be available from 1:00 p.m. (ET) on May 28, 2019 until 11:59 p.m. (ET) on June 4, 2019. To access the replay, call 1-855-859-2056 or 416-849-0833 and then enter pass code number 9797743. The replay will also be available on NFI's web site at www.nfigroup.com.

About NFI Group

Now with over 8,900 team members operating from more than 50 facilities across ten countries, NFI is a leading independent global bus manufacturer providing a comprehensive suite of mass transportation solutions under brands: New Flyer® (heavy-duty transit buses), Alexander Dennis Limited (single and double-deck buses), Plaxton (motor coaches), MCI® (motor coaches), ARBOC® (low-floor cutaway and medium-duty buses) and NFI Parts™. NFI buses and motor coaches incorporate the widest range of drive systems available including: clean diesel, natural gas, diesel-electric hybrid, and zero-emission electric (trolley, battery, and fuel cell). It also supports infrastructure development through New Flyer Infrastructure Solutions™, a service dedicated to providing safe and reliable charging and mobility solutions. In total, NFI now supports over 105,000 buses and coaches currently in service around the world. For the fiscal year ended December 30, 2018, NFI posted revenues of US\$2.5 billion (and pro-forma with ADL of approximately US\$3.3 billion).

NFI common shares are traded on the Toronto Stock Exchange under the symbol NFI. News and information are available at www.nfigroup.com, www.newflyer.com, www.mcicoach.com, www.arbocsv.com, www.alexander-dennis.com and www.nfi.parts.

Non-IFRS measures

All financial information regarding ADL contained in this press release has been derived from ADL's financial statements which are prepared in accordance with UK Generally Accepted Accounting Principles ("GAAP"). NFI prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). UK GAAP differs in certain material respects from IFRS.

ADL's "Adjusted EBITDA" referred to in this press release has been calculated by ADL's management and consists of earnings before interest, income taxes, depreciation, amortization, product development costs and other non-cash charges and certain non-recurring charges. 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 as referred to in the Company's public filings plus estimated adjustments to ADL's Adjusted EBITDA for conversion from UK GAAP to IFRS. NFI's free cash flow means net cash generated by operating activities adjusted as referred to in the Company's public filings. References to ADL's free cash flow means net cash generated by operating activities with certain adjustments, prepared on a UK GAAP basis. Management believes Adjusted EBITDA and free cash flow are useful measures in evaluating the performance of the Company. However, these terms are not recognized earnings measures under UK GAAP or IFRS and do not have standardized meanings prescribed by UK GAAP or IFRS. Readers are cautioned that these terms should not be construed as an alternative to net earnings or loss or cash flows from operating activities determined in accordance with UK GAAP or IFRS. NFI's and ADL's method of calculating 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.

In accordance with IFRS, NFI Group will consolidate the revenue, earnings and other financial information of ADL with NFI Group's financial information in its regularly reported financial statements.

Forward-looking statements

This press release contains forward-looking statements relating to expected future events and results, including plans for the combination and integration of the acquired business into NFI's existing business and expected synergies, the diversification and growth of the combined businesses, the accretive effects of the transaction to revenue, earnings and cash flow of NFI and expected future financial deleveraging. Actual events and results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including risks related to acquisitions, joint ventures and other strategic relationships with third parties, risks related to operations in existing, new and emerging markets, the ability to implement the operational changes necessary to achieve expected or potential synergies, market and general economic conditions, political developments in the countries where the Company operates and funding availability for customers to purchase buses and coaches and to purchase parts or services, the covenants contained under NFI's credit facilities could impact the ability of NFI to make strategic investments and fund dividends and the other risks and uncertainties discussed in the materials filed with the Canadian securities regulatory authorities and available on SEDAR at www.sedar.com. Due to the potential impact of these factors, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

For investor inquiries, please contact:

Stephen King

P: 204.224.6382

Stephen_King@newflyer.com

For media inquiries, please contact:

Lindy Norris

P: 204.792.8424

Lindy_Norris@newflyer.com