New Flyer acquires ARBOC Specialty Vehicles

- **ARBOC is a pioneer and North American leader in low-floor body-on-chassis (or "cutaway") buses.**
- **ARBOC has also introduced a medium-duty low-floor transit and shuttle bus based on their own chassis design.**
- **$95 million cash purchase price representing an implied purchase multiple of approximately 10.4 times forecasted 2017 adjusted EBITDA of $9.1 million.**
- **2017 deliveries estimated to be 360 buses, with 2018 deliveries expected to be 40% higher (of which 65% are already firm orders for 2018).**
- **Transaction is expected to be immediately accretive to earnings per share and free cash flow per share (before synergies).**

St. Cloud, Minnesota, USA – December 1, 2017: (TSX: NFI) Transit Holdings, Inc., a U.S. subsidiary of New Flyer Industries Inc. ("NFI Group"), the largest transit bus and motor coach manufacturer and parts distributor in North America, announced today that it has acquired 100% of the equity interests in ARBOC Specialty Vehicles, LLC ("ARBOC") for a purchase price of $95 million, subject to certain purchase price adjustments, including satisfaction of debt. NFI Group is using available cash and its existing credit facilities to finance the transaction. The acquisition represents a continuation of NFI Group's growth and diversification strategy and was not subject to any pre-closing regulatory or antitrust requirements.

Established in 2008, ARBOC is a North American pioneer and leader in low-floor body-on-chassis (or "cutaway") bus technology. These buses range between 21 and 35 feet in length, and operate in transit, paratransit and shuttle applications. ARBOC buses exceed US federal fuel economy standards, Buy America requirements, and undergo safety testing beyond industry norms. ARBOC has raised the industry standards for cutaway bus passenger accessibility and comfort over traditional high-floor cutaway vehicles.

The North American cutaway bus market has an estimated annual volume of between 16,000 to 18,000 units, which is more than three times the current estimated size of the heavy-duty transit bus market, and more than six times the current estimated motor coach market, based on annual units produced. Today, the installed base of cutaway buses is predominantly high-floor in configuration, with low-floor buses comprising less than 5% of the total cutaway market.

ARBOC is the leader in the low-floor cutaway bus market having delivered more than 2,500 buses, or more than 70% of the estimated total low-floor cutaways sold in Canada and the U.S. over the past five years. As the U.S. population ages and ease of access becomes more of a focus, management believes ARBOC is ideally positioned to grow with the demand for low-floor cutaway and medium buses with greater accessibility, following the migration that occurred in heavy-duty transit space.

Management expects ARBOC to deliver approximately 360 buses in 2017 with a revenue mix comprising of $36.3 million for bus sales and $1.5 million for parts sales, and expected 2017 Adjusted EBITDA of approximately $9.1 million.

In addition to its cutaway bus product portfolio, ARBOC has introduced a medium-duty low-floor transit and shuttle bus based on ARBOC's own chassis design. The bus is currently completing testing at the Altoona Bus Research and Testing Center under the Federal Transit Administration Model Bus Testing Program to ten-year structural durability standards. The bus has received favorable market response and ARBOC has already received initial firm orders for deliveries in 2018.

Management expects ARBOC will deliver approximately 500 buses in 2018, representing significant growth over 2017. ARBOC's current firm backlog for 2018 includes over 320 orders.

"The acquisition of ARBOC provides us with complementary product lines and a unique opportunity to continue with growth and diversification, as NFI Group now has a full suite of transit buses and motor coaches to offer to North American public transit agencies and private operators," said Paul Soubry, NFI Group's President and Chief Executive Officer. "ARBOC is a proven low-floor cutaway builder and provides us with an entry point into both the cutaway and medium-duty transit bus markets, with high quality, proven and competitively priced products."

Located in Middlebury, Indiana, ARBOC employs approximately 100 people from a 112,000 square foot facility, producing Buy America compliant vehicles in accordance with ISO 9001:2008 certified management systems. ARBOC has extensive expertise with diesel and natural gas propulsion based on General Motors, Chrysler, Ford and Freightliner chassis, and will benefit from NFI Group's expertise in battery electric propulsion and its beginning development of autonomous drive features from its Vehicle Innovation Centre (VIC) in Anniston, Alabama.

"ARBOC will benefit from NFI Group's strong balance sheet, broader bus market credibility, expertise in bus design and manufacturing and strategic sourcing to support its growth," said Wayne Joseph, President of New Flyer's Transit Bus business. "We anticipate exciting collaboration to scale this business and anticipate synergies such as research and development and part fabrication, which have not yet been fully quantified."

ARBOC's proven and experienced management team will remain in place, with President and Chief Executive Officer Don Roberts reporting to Wayne Joseph. Don Roberts said, "We are excited to continue ARBOC's growth trajectory under the New Flyer umbrella. We believe that this transaction is the right step for ARBOC to continue offering our customers innovative and superior quality products."

Wells Fargo Securities acted as the exclusive financial advisor to New Flyer on the transaction.

About NFI Group

NFI Group and its subsidiaries comprise the largest transit bus and motor coach manufacturer and parts distributor in North America, now having 32 fabrication, manufacturing, distribution, and service centers across Canada and the United States and employing almost 6,000 team members.

It is North America's heavy-duty transit bus leader and offers the largest transit bus product line under the brand Xcelsior®, incorporating the broadest range of drive systems available, including: clean diesel, natural gas, diesel-electric hybrid, trolley-electric, and battery-electric. NFI Group actively supports over 44,000 heavy-duty transit buses (New Flyer, NABI, and Orion) currently in service, of which 6,400 are powered by electric and battery propulsion.

NFI Group is also North America's motor coach leader offering the Motor Coach Industries Inc. (MCI) J-Series, the industry's best-selling intercity coach for 11 consecutive years, and the MCI D-Series, the industry's best-selling motor coach line in North American history. MCI is also the exclusive distributor of Daimler's Setra S 417 and S 407 motor coaches in the United States and Canada. MCI actively supports over 28,000 coaches currently in service.

NFI Group also operates North America's most comprehensive parts organization, NFI Parts™, providing parts, technical publications, training, and support for its OEM product lines (transit buses and motor coaches). All buses and coaches are also supported by an industry-leading comprehensive warranty, service, and support network.

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

Financial Terms and Information

All references to currency in this press release are stated in US dollars. The financial information relating to ARBOC provided in this press release is based on or derived from ARBOC's unaudited financial statements prepared in accordance with U.S. GAAP and estimates of ARBOC's management.

ARBOC's "Adjusted EBITDA" referred to in this press release has been calculated by ARBOC'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. Management believes Adjusted EBITDA is a useful measure in evaluating the performance of ARBOC. However, Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by U.S. GAAP or International Financial Reporting Standards ("IFRS") and may not be comparable to similarly titled measures used by other issuers. Readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with IFRS or U.S. GAAP as an indicator of ARBOC's performance or as an alternative to cash flows from operating, investing and financing activities determined in accordance with IFRS or U.S. GAAP, as a measure of liquidity and cash flows.

In accordance with IFRS, NFI Group will consolidate the revenue, earnings and other financial information of ARBOC 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, including, ARBOC's expected revenues for 2017, expected Adjusted EBITDA for 2017 and expected deliveries for 2017 and 2018, the integration of the acquired business into NFI Group's existing business and expected synergies, the diversification and growth of NFI Group's combined business, and the accretive effects of the transaction to earnings and cash flow of NFI Group. 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.

Actual results may differ materially from management expectations as reflected in such forward-looking statements for a variety of reasons, including, risks relating to the achievement of ARBOC's business plan and budget for the remainder of 2017 and deliveries in 2018, the ability to implement the operational changes necessary to achieve the intended synergies, acquisitions, joint ventures and other strategic relationships with third parties (including liabilities relating thereto), market and general economic conditions and economic conditions of and funding availability for customers to purchase buses and to purchase parts or services, customers may not exercise options to purchase additional buses, the ability of customers to suspend or terminate contracts for convenience 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, NFI Group 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 further information, please contact:
Jon Koffman
Investor Relations
Ph: 320-316-4964