



NEW FLYER

NEW FLYER ANNOUNCES ACQUISITION OF MCI, NORTH AMERICA'S LEADING MOTOR COACH MANUFACTURER, PARTS AND SERVICE COMPANY

- **US\$455 million cash purchase price, representing an implied purchase multiple of approximately 6X estimated calendar year 2015 Adjusted EBITDA**
- **Transaction is expected to be highly accretive to earnings per share and free cash flow per share (before synergies)**
- **Committed financing via new senior secured credit facilities totaling US\$825 million with a four year maturity. Facilities to fund acquisition and refinance New Flyer's existing US\$257 million credit facilities**
- **New Flyer announces 12.9% increase in dividend from C\$0.62 to C\$0.70 per share annually with implementation intended to follow completion of the Transaction**

WINNIPEG, November 10, 2015 /CNW/ - (TSX:NFI; TSX:NFI.DB.U) New Flyer Industries Inc. ("New Flyer" or the "Company") today announced that it has entered into a definitive agreement to acquire Motor Coach Industries International, Inc. ("MCI") from an affiliate of KPS Capital Partners, L.P. for cash consideration of US\$455 million subject to certain purchase price adjustments (the "Transaction"). The completion of the Transaction is subject to customary closing conditions including U.S. antitrust and Canadian Competition Act approvals. Management currently expects the Transaction to close by the end of 2015.

Founded in 1933 in Winnipeg Manitoba, MCI is North America's leading motor coach manufacturer and parts and service supplier with 3 manufacturing facilities and 9 service and parts distribution centers. As of December 31, 2014, MCI had the largest installed base of motor coaches in North America with approximately 28,000 units, nearly twice the installed base of its nearest competitor. Well known in the industry for best-in-class quality, reliability, lowest cost of ownership and a robust coach aftermarket parts and services offering, MCI's business parallels New Flyer's leading position in the North American heavy-duty transit bus industry. While there are a few common public customers, MCI does not compete with New Flyer.

For the nine months ended September 30, 2015 MCI delivered 576 new coaches resulting in new coach revenue of approximately US\$315 million and also generated pre-owned coach and aftermarket parts and service combined revenue of approximately US\$128 million. Total revenue for this period was approximately US\$443 million.

Paul Soubry, New Flyer's President and Chief Executive Officer commented on the acquisition, "We are thrilled to combine North America's #1 brand in heavy duty-transit buses with North America's #1 brand in motor coaches. We are very proud of our track record that focuses on employee engagement, customer satisfaction and shareholder value. We intend to build on this success with the addition of MCI and view this complementary business as an important step forward to diversification and growth in areas where we can leverage our OpEx, sourcing, manufacturing, parts distribution and service expertise."

New Flyer's Chairman of the Board, the Honourable Brian Tobin P.C., O.C., added, "With the successful acquisition and integration of Orion Parts and NABI, New Flyer has demonstrated that we have the leadership, expertise, financial performance and capital structure to complete accretive acquisitions and create real shareholder value".

The Transaction presents a number of attractive opportunities for New Flyer, including:

Growth: MCI provides New Flyer with strong positions in both the North American private and public motor coach markets with significant scale in the motor coach parts and service business.



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Diversification: The addition of MCI's new and pre-owned coach business significantly diversifies New Flyer's product offering and customer base. In addition to various transit customers, a number of which overlap with New Flyer's existing customer base, a significant portion of MCI's business is derived from private customers, including private charter and tour operators.

Potential Synergies: New Flyer has identified opportunities for cost synergies and plans to implement its operational excellence (OpEx), information technologies and engineering expertise across MCI, similar to what has been successfully implemented with prior acquisitions.

Collaboration and Sharing of Technology and Best Practice: The combined entity will employ approximately 4,800 people who share a like-minded commitment to excellence in bus and coach manufacturing and customer support with over 42,000 transit buses and 28,000 coaches currently in operation in Canada and the U.S.

Building on Global Relationships: MCI is the exclusive sales and service organization for Daimler's Setra coaches in Canada and the U.S. In addition, New Flyer has a strong relationship with Marcopolo S.A., an almost 20% equity holder, with global expertise in bus and coach design, sourcing and manufacturing.

The Transaction, including related expenses, will be funded through new US\$825 million senior secured credit facilities with a four year maturity consisting of a US\$482 million term loan and a US\$343 million revolver. Assuming a December 31, 2015 closing of the Transaction, management expects the revolver to have approximately US\$135 million drawn, which would result in expected pro forma total indebtedness to combined Adjusted EBITDA (within the meaning of the new senior credit facilities) of approximately 3.0x at closing. New Flyer has obtained fully underwritten financing commitments for the new credit facilities, subject to customary terms and conditions, and expects to enter into definitive new credit agreements upon the closing of the Transaction.

Furthermore, the Transaction is expected to be highly accretive to New Flyer's earnings per share and free cash flow per share, even before synergies. New Flyer is currently targeting annual synergies of approximately US\$10 million through the rationalization of corporate costs and deployment of New Flyer's OpEx and sourcing expertise.

Following closing of the Transaction, New Flyer intends to increase its common share dividend 12.9% from C\$0.62 to C\$0.70 per share annually and move from a monthly to a quarterly dividend payment schedule. Further details will be announced following completion of the Transaction. New Flyer has paid dividends to shareholders for over 120 consecutive months since the Company's initial public offering in August 2005.

BMO Capital Markets is acting as exclusive financial advisor and Torys LLP is acting as primary legal counsel to New Flyer in connection with the Transaction. The Bank of Nova Scotia and BMO Capital Markets have provided a fully committed underwriting for the acquisition financing and are acting as co-lead arrangers and joint book runners on the new senior credit facilities.

Conference Call and Webcast

Senior management of New Flyer will host a conference call at 2:00 PM (ET) on November 10, 2015. 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=1093950&s=1&k=FB3AA6C54C75D0C68B0DE4AD967D268A>

During the call, senior management will be referring to a presentation which will be posted on the New Flyer website at www.newflyer.com in the Investor Relations section of the Events and Presentations page.

A replay of the call will be available from 5:00 p.m. (ET) on November 10, 2015 until 11:59 p.m. (ET) on November 18, 2015. To access the replay, call 855-859-2056 or 416-849-0833 and then enter pass code number 79122625. The replay will also be available on New Flyer's web site at www.newflyer.com.



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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, diesel-electric hybrid, electric trolley 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 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. Over 40,000 New Flyer, Orion and NABI heavy-duty transit buses are in operation today. Further information is available on New Flyer's website at <http://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.

About MCI

Motor Coach Industries International, Inc. ("MCI") is the leading manufacturer of intercity coaches in the U.S. and Canada. MCI builds expertly engineered, best-selling models for the tour, charter, line-haul, commuter and transit markets. MCI also offers 24-hour technical support, industry-leading technician training and the most extensive aftermarket parts and repair service offering in the Canada and the U.S. MCI has a strategic partnership with Daimler in North America, whereby MCI is the exclusive distributor of Daimler's Setra motor coaches and aftermarket parts (which management of New Flyer expects will continue following the completion of the Transaction). MCI operates manufacturing facilities in Winnipeg, Manitoba and Pembina, North Dakota and has parts distribution centers and service centers across Canada and the United States. MCI employs approximately 1,500 team members.

Financial Terms and Information

The financial information relating to MCI provided in this press release is based on or derived from MCI's unaudited financial statements prepared in accordance with U.S. GAAP.

"Adjusted EBITDA" consists of earnings before interest, income taxes, depreciation, amortization and other non-cash charges and certain non-recurring charges as set out in the Company's management discussion and analysis dated November 4, 2015 ("MD&A") available on SEDAR at www.sedar.com. The Adjusted EBITDA of MCI described in this press release has been calculated by management in a similar manner. Management believes Adjusted EBITDA is a useful measure in evaluating the performance of the Company and MCI. However, Adjusted EBITDA is not a recognized earnings measure and does not have a standardized meaning prescribed by 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 as an indicator of the Company's or MCI's performance or 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.

In accordance with IFRS, the Company will consolidate the revenue, earnings and other financial information of MCI with New Flyer's financial information in its regularly reported financial statements.



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Forward-Looking Statements

This press release contains forward-looking statements relating to expected future events, including the completion of the Transaction and the new credit facilities and the timing thereof, the availability of funds from the new credit facilities for the funding of the purchase price and related expenses, MCI's expected Adjusted EBITDA for 2015, the expected total leverage at closing, the integration of the acquired business into New Flyer's existing business and expected synergies, the diversification and growth of the combined bus and aftermarket parts businesses, the accretive effects of the transaction to revenue, earnings and cash flow of New Flyer and the intended increase in the annual amount of dividends paid by the Company. 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 related to the satisfaction of the relevant closing conditions for and the completion of the Transaction and the new credit facilities (and that the reverse break fee under the acquisition agreement for the Transaction will not be triggered), the achievement of MCI's business plan and budget for the remainder of 2015, working capital and earnings fluctuations prior to closing, 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), the covenants contained in the Company's new senior credit facilities could impact the ability of the Company to fund dividends, 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 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, 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.

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