

# New Flyer Announces Record Results for the Third Quarter of 2009 Fiscal Year

## *Highlights:*

- *2009 Q3 consolidated revenue of \$303.6 million increased by 19.0% compared to 2008 Q3 revenue of \$255.2 million resulting from significant deliveries of 616 equivalent units during 2009 Q3.*
- *2009 Q3 consolidated Adjusted EBITDA of \$29.4 million increased by 28.7% compared to \$22.8 million 2008 Q3 due to higher bus deliveries with increased average bus margins.*
- *Continued growth of aftermarket operations resulted in 2009 Q3 revenue and Adjusted EBITDA increase of 11.2% and 6.9%, respectively, compared to 2008 Q3, during period of increased competition.*
- *Liquidity improved by \$25.5 million during 2009 Q3 as a result of healthy earnings and a reduction in working capital due to continued focus on Operational Excellence to deliver productivity, efficiency and quality improvements.*
- *2009 Q3 Distributable Cash of C\$22.2 million increased by 41.0% compared to 2008 Q3 Distributable Cash of C\$15.7 million, resulting in a payout ratio of 64.9% in 2009 Q3 compared to 88.5% in 2008 Q3.*
- *Adjusted EBITDA for Fiscal 2009 expected to be approximately \$100.0 million; representing an increase in Fiscal 2009 expected Adjusted EBITDA of 8% compared to previously announced expectations.*

**WINNIPEG, November 12, 2009 - New Flyer Industries Inc. (TSX:NFI.UN)**, ("New Flyer" or the "Company"), the leading manufacturer of heavy-duty transit buses in Canada and the United States, today announced its results for the 13-week period ended October 4, 2009 ("2009 Q3"). Full financial statements and Management's Discussion and Analysis (the "MD&A") are available at the Company's web site at: [www.newflyer.com/index/financialreport](http://www.newflyer.com/index/financialreport). Unless otherwise indicated all monetary amounts in this press release are expressed in U.S. dollars.

The Company achieved consolidated revenue of \$303.6 million for 2009 Q3 driven primarily by increased volume of bus deliveries resulting from significant reduction of units in work in process, increased average selling price per equivalent unit and continued growth of aftermarket operations. This achievement represents an increase of 19.0% compared to consolidated revenue for the 13-week period ended September 28, 2008 ("2008 Q3") of \$255.2 million.

- Bus manufacturing revenue in 2009 Q3 of \$278.0 million increased by 19.8% compared to bus manufacturing revenue of \$232.1 million in 2008 Q3, primarily resulting from an

increase in deliveries and increased average selling price per equivalent unit. This increase is attributable to favourable product sales mix when comparing average selling price in the current period to 2008 Q3, primarily due to increased sales of hybrid buses (including the Company's first delivered hydrogen fuel cell bus). Total bus deliveries of 616 equivalent units ("EUs") in 2009 Q3 increased 5.7% as compared to 2008 Q3 deliveries of 583 EUs.

- Another contributing factor to the overall increase in consolidated revenue was 2009 Q3 aftermarket operations revenue of \$25.6 million, which increased 11.2% in 2009 Q3 compared to \$23.1 million in 2008 Q3. The continued growth in aftermarket operations is a result of an increase in market share as New Flyer buses continue to represent a larger share of the active installed fleet in the combined United States and Canadian market.

Consolidated Adjusted EBITDA for 2009 Q3 totaled \$29.4 million compared to \$22.8 million in 2008 Q3 which represents an increase of 28.7%. This increase in consolidated Adjusted EBITDA is primarily a result of increased bus deliveries, higher average contract margins in the bus manufacturing sales mix, improvement in performance as a result of investment and commitment to Operational Excellence initiatives and continued Adjusted EBITDA growth of the Company's aftermarket operations during 2009 Q3 as compared to 2008 Q3.

- 2009 Q3 bus manufacturing operations Adjusted EBITDA of \$24.0 million (8.6% of revenue) increased by 34.8% compared to bus manufacturing operations Adjusted EBITDA of \$17.8 million (7.7% of revenue) in 2008 Q3.
- 2009 Q3 aftermarket operations Adjusted EBITDA of \$5.3 million (20.8% of revenue) increased by 6.9% compared to \$5.0 million (21.7% of revenue) in 2008 Q3, primarily due to increase in sales volume in the current period.

The Company reported a net loss of \$9.2 million in 2009 Q3 compared to net earnings of \$8.8 million in 2008 Q3. The net loss was primarily due to the increase in non-cash charges and, to a lesser degree, an increase in interest expense in the current period. In 2009 Q3, non-cash charges totaled \$21.3 million compared to a recovery of non-cash charges included in 2008 Q3 earnings of \$2.4 million. This change in non-cash items included in earnings related primarily to unrealized foreign exchange losses and fair value adjustments to assets and liabilities.

The Company generated Distributable Cash of C\$22.2 million during 2009 Q3 and declared distributions of C\$14.4 million, which represents a 2009 Q3 payout ratio of 64.9%. By comparison, in 2008 Q3, the Company generated Distributable Cash of C\$15.7 million and declared distributions of C\$13.9 million, resulting in a payout ratio of 88.5%. During the 40-week period ended October 4, 2009, New Flyer generated Distributable Cash of C\$61.0 million and

declared distributions of C\$43.2 million, representing a payout ratio of 70.9%. In comparison, during the 39-week period ended September 28, 2008 Distributable Cash and declared distributions were C\$53.6 million and C\$40.7 million, respectively, which represents a payout ratio of 76.0%. Cumulatively, since the Issuer's initial public offering on August 19, 2005 (the "IPO"), the Company has generated cumulative Distributable Cash in excess of cash distributions of C\$53.0 million and a payout ratio of 80.3%.

The Company's liquidity position significantly improved by \$25.5 million as at October 4, 2009 in comparison to the liquidity position at July 5, 2009. The October 4, 2009 liquidity position of \$59.4 million is comprised of cash of \$9.4 million and a \$50.0 million revolving credit facility.

Cash generated from operations before working capital totaled \$11.6 million and cash provided by the changes in working capital of \$19.5 million contributed to the total cash from operations of \$31.1 million in 2009 Q3. The most significant contributor of this cash inflow from changes in working capital is the decrease in inventory from the previous quarter primarily as a result of an 83 EU reduction in work in process levels from July 5, 2009. Management expects that the remaining excess inventory buildup will be reduced during the 13-week period ended January 3, 2010 ("2009 Q4") in accordance with the planned deliveries.

Based on actual results for 2009 Q3 and anticipated results for the remainder of the 53 week period ended January 3, 2010 ("Fiscal 2009"), management expects that full-year delivery total for Fiscal 2009, should not be less than 2,230 EU which is an increase of 3% from previously announced expected deliveries of at least 2,164 EUs. This expectation is based on the assumption that the Company is able to successfully deliver all customers' orders as planned and the Company being able to successfully reduce existing excess work in process.

Management projects that Adjusted EBITDA for Fiscal 2009 is expected to be approximately \$100.0 million; representing an increase in Fiscal 2009 expected Adjusted EBITDA of 8% compared to previously announced expectations. This assumes that the Canadian dollar exchange rate remains at its current level and the Company is successful at achieving its planned number of deliveries for 2009 Q4. Further, management believes the Company will be able to continue to make monthly distributions to the holders of its IDSs at the current rate and to maintain compliance with the financial covenants under the Company's senior credit facility. Management's expectations are based on its anticipation that the improved cash flow from the reduction of excess work in process and the reduced requirement of funding expensive inventories of material and supplies related to diesel-electric hybrid buses should permit sufficient cash to be generated by the Company to substantially compensate for the previously announced decrease in the rate of production. Management reaffirms its expectation that the payout ratio for Fiscal 2009 should not be higher than the Company's payout ratio for Fiscal 2008. In addition to

the assumptions already discussed above, management's expectations regarding the anticipated financial results will depend on the Company being able to collect payment for buses from customers in accordance with the terms of such customers' contracts and being able to successfully manage the Company's working capital.

#### Conference Call

A conference call for analysts and interested listeners will be held on Friday, November 13th, at 2:00 p.m. (ET). 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://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2881120>

A replay of the call will be available from 3:00 p.m. (ET) on November 13th until 11:59 p.m. (ET) on November 20th. To access the replay, call 416-849-0833 or 800-642-1687 and then enter pass code number 39955846 followed by the pound sign (#). The replay will also be available on the Company's web site at [www.newflyer.com](http://www.newflyer.com).

#### Non-GAAP Measures

Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization and other non-cash charges, adjusted for certain costs related to offerings and certain other non-recurring charges as set out in the MD&A. Management believes Adjusted EBITDA and Distributable Cash (as defined below) are useful measures in evaluating the performance of the Company. "Distributable Cash" means cash flows from operations adjusted for changes in non-cash working capital items, and effect of foreign currency rate on cash and increased for withholding taxes related to capital transactions, defined benefit funding, distributions on Class B and Class C common shares, costs related to offerings, fair market value adjustment to inventory, fair market value adjustment to prepaid expenses, proceeds on sale of redundant assets, and interest on subordinated notes forming part of the IDSs and decreased for defined benefit expense, maintenance capital expenditures, fair market value adjustment to deferred revenue, fair market value adjustment to accounts payable and accrued liabilities and principal payments on capital leases. Adjusted EBITDA and Distributable Cash are not earnings measures recognized under GAAP and do not have standardized meanings as prescribed by GAAP. Therefore, Adjusted EBITDA and Distributable Cash may not be comparable to similar measures presented by other entities. Investors are cautioned that Adjusted EBITDA and Distributable Cash should not be construed as an alternative to net income or loss determined in accordance with GAAP as an

indicator of New Flyer's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

#### About New Flyer

New Flyer is the leading manufacturer of heavy-duty transit buses in Canada and the United States. The Company's three facilities - in Winnipeg, MB, St. Cloud, MN and Crookston, MN - are all ISO 9001, ISO 14001 and OHSAS 18001 certified. With a skilled workforce of approximately 2,300 employees, New Flyer is a technology leader in the heavy-duty transit market, offering the broadest product line in the industry, including drive systems powered by clean diesel, LNG, CNG and electric trolley, as well as energy-efficient gasoline-electric and diesel-electric hybrid vehicles. All of New Flyer's products are supported by an industry-leading, comprehensive parts and service network. The IDSs are listed on the Toronto Stock Exchange under the symbol NFI.UN.

#### 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", "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, competition in the heavy-duty transit bus industry, availability of funding to the Company's customers at current levels or at all, material losses and costs may be incurred as a result of product warranty issues, material losses and costs may be incurred as a result of product liability claims, changes in Canadian or United States tax legislation, the Company's success depends on a limited number of key executives who the Company may not be able to adequately replace in the event that they leave the Company, the absence of fixed term customer contracts and the termination of contracts by customers for convenience, the current "Buy-America" legislation and the Ontario government's "Buy Canadian" purchasing policy 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 and reallocate production as a result of deferred bus orders, the Company's ability to generate cash from the planned reduction in excess work in process, 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 NFI ULC's senior credit facility and Subordinated Note indenture could impact the ability of the Company to fund distributions 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 and the availability of labour could have an impact on production levels. The Company cautions that this list of factors is not exhaustive. These factors and other risks and uncertainties are discussed in the Company's press releases and materials filed with the Canadian securities regulatory authorities and are available on SEDAR at [www.sedar.com](http://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 assume no obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities laws.

For further information:  
Glenn Asham  
Chief Financial Officer  
Tel: (204) 224-1251  
E-mail: [investor@newflyer.com](mailto:investor@newflyer.com)