New Flyer Industries | Equity Research Report

Industrials

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Analysts: Mohor Hatalkar, Marc Sena
Stock Exchanges: TSX: NFI

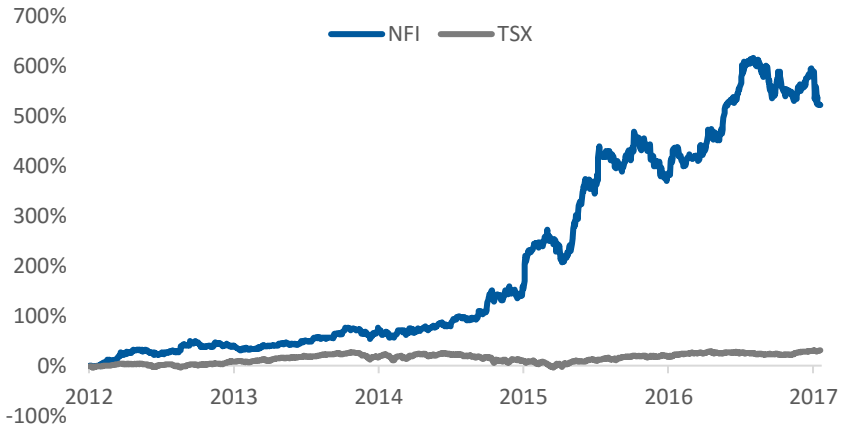
Date: November 29th, 2017	**Closing Price:** $48.29	**Recommendation:** Buy
Ticker: NFI	**Target Price:** $62	**Upside Potential:** 27%

Executive Summary

Company Profile

Headquartered in Winnipeg, MB, New Flyer Industries Inc. manufactures and services transit buses in North America. Rated as North Americas #1 heavy-duty transit bus and motor coach OEM, their longstanding reputation has allowed them to lead the market with over 70,000 transit buses and motor coaches currently in service. Their product line offers a diverse range of buses, including 35', 40', 45', and 60' lengths, as well as clean diesel, diesel-electric hybrid, natural gas, and zero emission (electric trolley, battery-electric, and fuel cell) buses.

Historical Price vs TSX



Investment Thesis

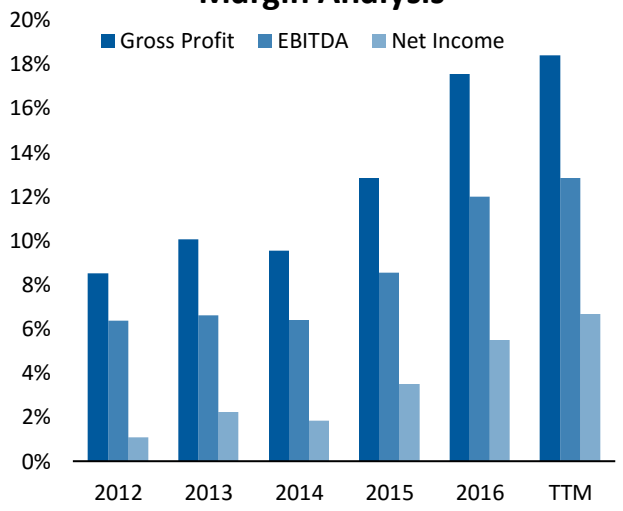
NFI's dominant position in the transit bus market is a result of the company's diverse and competitive product line of cost efficient and accommodating vehicles. Long standing relationships with the top 24 of 25 largest domestic transit authorities has allowed NFI's outstanding fleet to obtain over half of total market share, which has and will continue to imply stable income in both manufacturing and aftermarket revenue. Going forward, NFI has managed to accumulate a backlog of 3,800 firm order equivalent units (EU's), and 6,731 optional EU's, equating to a total of $5.4 billion in total backlogged orders. The high demand for buses, in combination with an effort to invest in cost efficient manufacturing methods has allowed the company to consistently increase margins and effectively add value to shareholders.

New Flyer Industries - NFI	
Last Price (11/29/17):	48.29
52 Week Range:	57.70
52 Week Low:	39.01
Market Capitalization ($MM):	3,038.90
Enterprise Value ($MM):	2,845.10
Shares Outstanding (MM):	62.93
Avg. Daily Volume (000s):	251,081
Cash ($MM):	13.05
Debt ($MM):	574.13
Net Debt ($MM):	561.08
Dividend Yield:	2.65%
Fiscal Year End:	2017-12-31
Return on Equity	24.20%
Return on Invested Capital	12.66%

Valuation

Our initial interest in the company was led by its high ROE and ROIC, and the company's ability to generate cash. After further investigation, our DCF analysis has lead us to a valuation of $62 per share. This is based off of a few key assumptions- most notably; growth of revenue and the overall industry, margins going forward, our WACC of 11.9%, perpetual growth rate of 2.0%, and beta of 1.20.

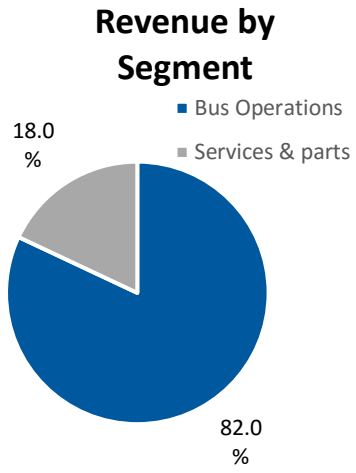
Margin Analysis



Company Overview

Business Description

Founded in the early 1930's, New Flyer Industries and its subsidiaries has managed to dominate North Americas heavy-duty transit bus and motor coach OEM market. NFI has managed to deploy over 70,000 transit buses and motor coaches across the western hemisphere, equating to roughly 50% of the Canadian and US installed base. This presence is partially attributable to the company's established relationships with 24 out of 25 of the largest domestic transit authorities. Coinciding with this, NFI's most recent acquisition of MCI has allowed New Flyer to captivate bus sales to 29 of the top 50 motor coach operators in the last year, as well as equipment sales with virtually all 50 operators.



NFI's revenue is broken down to two basic segments; 'Bus Manufacturing', and 'Aftermarket'. As of 2016YE, bus manufacturing accounted for roughly 82% of total revenue, whereas aftermarket revenue accounted for the remaining 18%. The two segments go hand in hand to provide a full circle service to its customers, allowing NFI to provide the 'complete offering' of buses, supported by parts, service, and value added accommodations. This also allows the company to provide the best value and support for the life of their fleets, focusing on maintaining a low cost of ownership to its customers.

Product Overview

	Model	Clean Diesel	Natural Gas	Electric Trolley	Hybrid Electric	Battery Electric Fuel Cell
NFI	Xcelsior 35', 40', 60'	✓	✓	✓	✓	✓
MCI	D Model 40', 45'	✓	✓		✓	
MCI	J Model w/ 35' in dev.	✓				In Dev

NFI

Xcelsior

The Xcelsior range offers lengths of 35', 40' and 60' with the option for clean diesel, natural gas, electric trolley, hybrid electric, and battery electric propulsion. These buses are a staple in metropolitan & urban fleets across North America. Xcelsior models are known for their drastic weight reduction, reduced cost of ownership (including $400k in fuel savings over 12-year life of electric buses), and a diverse array of industry leading accommodative features that attend to consumer's needs.

MCI

J Model

Targeted towards the luxury transportation industry, MCI's J Model is the #1 selling coach bus in North American private market history. With both clean diesel, and the development of zero-emissions battery electric buses, MCI is strategically placed to be at the forefront of the coach bus industry going forward.

D Model

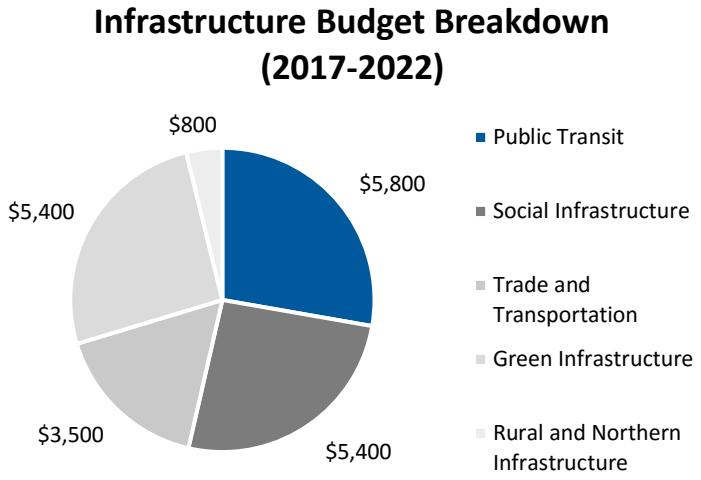
Aimed to accommodate the mid-range transportation segment, the D Model bus is targeted to public transportation markets, and has consistently been titled as the #1 best-selling coach bus in all of North America.

Aftermarket and Parts:

New Flyer Industries provides parts & services for products manufactured by New Flyer, NABI, Orion, MCI, Setra and other manufacturers. Maximizing the life cycle support opportunities includes providing support services for maintenance material supply chain labor services and repair programs for both Transit Buses and Motor Coaches. The parts segment is viewed as a leader for both size and variety of parts offered for Heavy-Duty Transit buses and Motor Coaches, including products built by other manufacturers. These aftermarket parts centers are strategically located throughout the United States and Canada, providing industry leading response times.

Industry

Over the last ten years, automotive transportation has gone through drastic change as first world countries consistently push towards a zero emissions future. As an industry leader, NFI is now posed to encompass the complete offering of transit services; the physical bus itself, followed by the parts, maintenance services, & value added services.

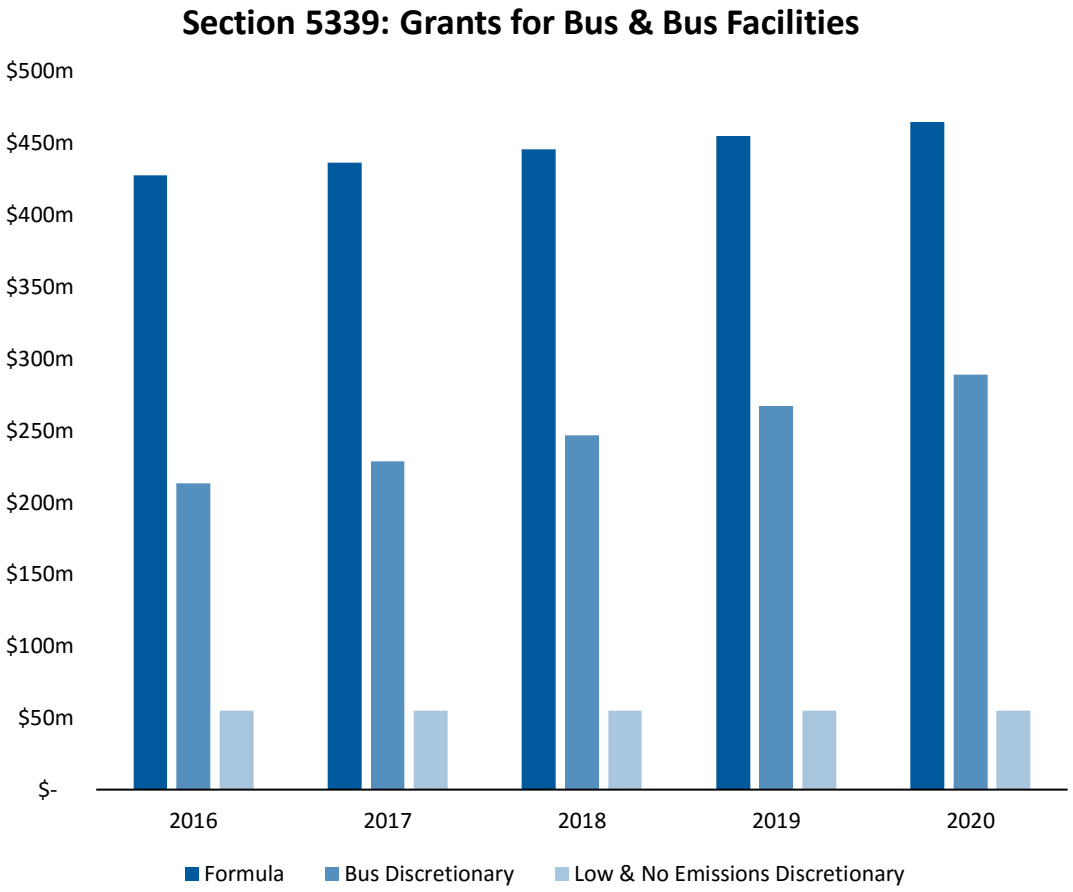


Canadian Infrastructure Spending

Phase 1 of the Canadian Liberal Governments Public Transit Infrastructure Fund (PTIF) has scheduled a mandate for $3.4 billion over the next three years to improve public transit systems across Canada. Furthermore, over the next 11 years the government has plans for roughly $20 billion- which will be partially attributed to 'fleet replacement' of much of Canadas subway cars, low-floor buses, and street cars across Canada. With NFI's longstanding commitment to environmentally friendly transportation, combined with its historical sales to Canadian municipalities, this could poise NFI for more contractual opportunities going forward.

"U.S. Transport Tops Decade's Infrastructure Priorities" – Bloomberg Intelligence

Bloomberg Intelligence views transportation as a top priority for US infrastructure spending where forecasts on an annual basis are expected to be roughly $306 billion over the next 10 years. This, in combination with the NFI and MCI's 'Buy America' compliant buses poises NFI perfectly for the Trump administrations protectionist agenda.



U.S. Federal spending

Section 5339 makes Federal resources available to American states specifically dedicated to the replacement, rehabilitation and purchase of buses and related equipment. In the last few years an increased focus has been implied on low and zero emissions buses in an attempt to reduce pollution. New Flyer's established relationships with state run transit systems and their dominance in the zero emission market perfectly positions them to generate increased ZEB contracts going forward. Grants for bus related spending are expected to reach $808.65 billion by 2020.

Competitive Overview

Competitive Advantages

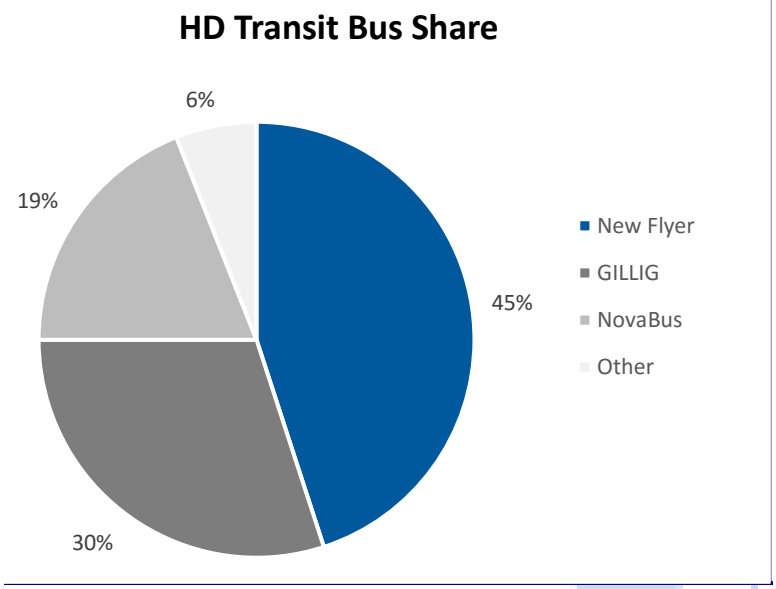
With New Flyers most recent acquisition of Motor Coach Industries (MCI), the company is now the dominant market participant of heavy-duty transportation buses.

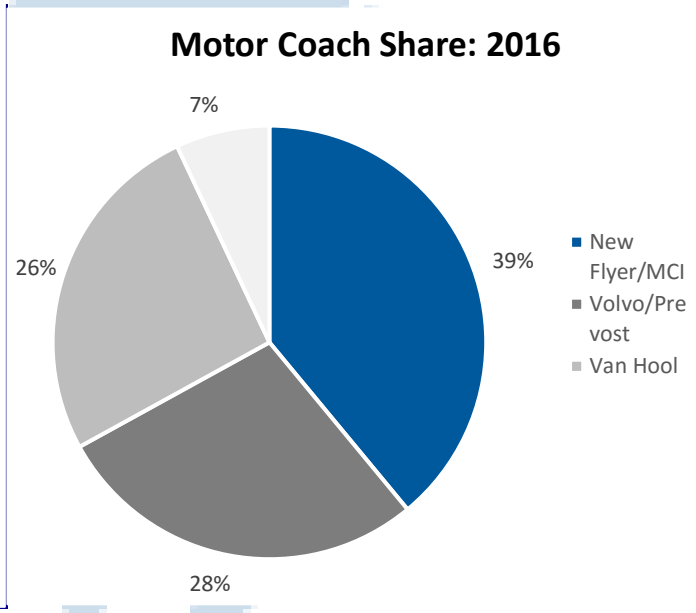
Leadership in Environmentally Friendly Transportation

As the feasibility of electric buses increases, NFI has the opportunity to transition its combustion based propulsion to more environmentally friendly methods. As of Q3 2017, NFI has delivered over 6,800 electric powered motors including hybrids, trolleys, battery-electric, and fuel cell propulsion systems. Looking to the future parameters of transportation, NFI understands the requirements for economically friendly, zero emissions buses (ZEB's). Of the estimated 283 zero emissions buses delivered in 2016 to North American operators, NFI delivered 241, equating to 85% of the total zero emissions market. Going forward, the company has award pending orders for 271 additional ZEB's from LA Metro, AC Transit, MBTA, UTAH Transit Authority, Tri-Met, OCTA, Sunline Transit, NYCT, and Translink.

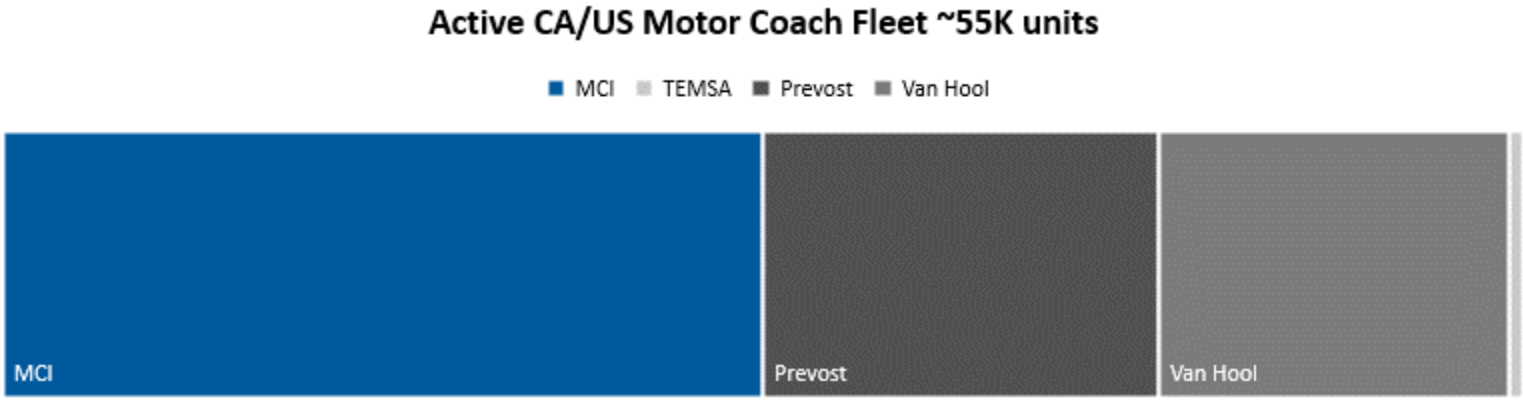
Market Share

With NFI's most recent acquisition of Motor Coach Industries, NFI became North Americas leading manufacturer of motor coach & parts/services. As such, the company holds 45% market share in heavy-duty transit busses, as well as 39% market share in motor coaches.

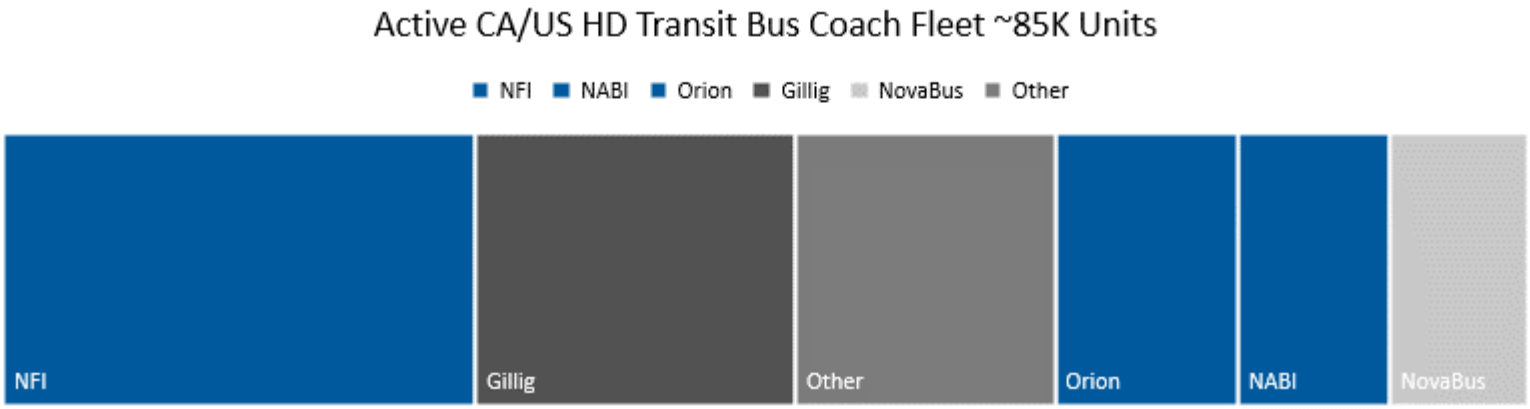




In addition, NFI and MCI's total outstanding fleet has maintained a consistent dominant share, where MCI's current outstanding fleet holds roughly 50% of the total Canadian and US motor coach fleet- totaling at roughly 55,500 units. With the current average age of the motor coach fleet at 9 years, compared to the average lifespan of 15-20 years, NFI is poised to continually accommodate the necessary fleet overhauls required as motor coaches continue to age.

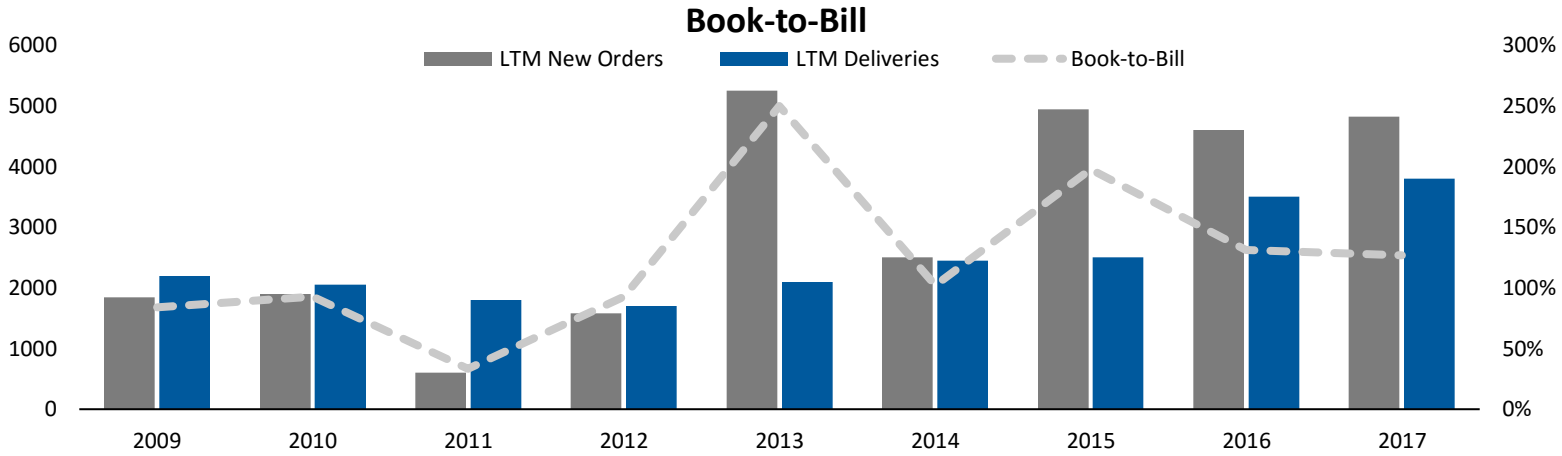


Similarly, New Flyers acquisition of NABI and Orion have added an additional 10% and 12% market share respectively, equating to a cumulative total of 53% of the 85,000 units outstanding. With an average age of 7.8 years in the US and 7.3 years in Canada, the 12-year lifespan of HD transit buses will perpetuate a similar requirement for fleet overhauls in the space.

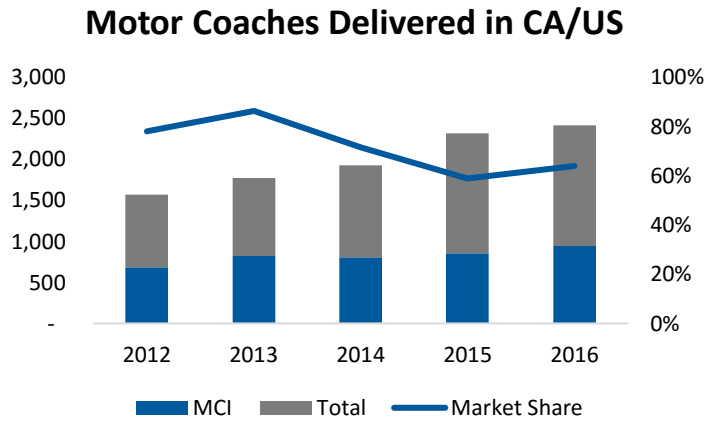


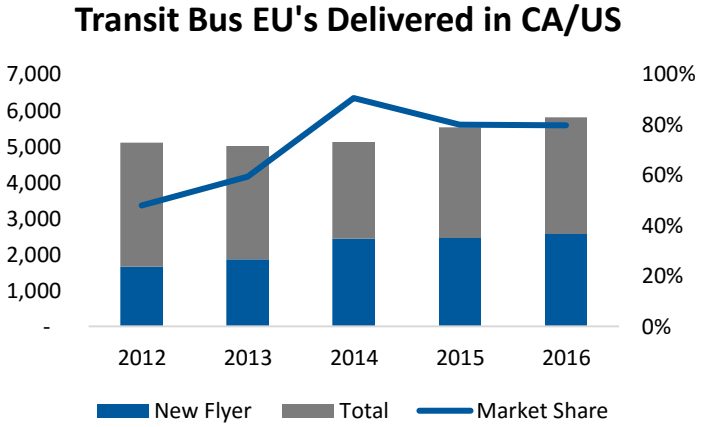
Book-to-Bills, Backlogs, Buys

NFI's has consistently managed to keep its public customer book-to-bill ratio above 100% for 18 of the last 19 quarters. As previously mentioned, the company's backlogs equate to roughly 2 – 3 years of revenue, which implies visibility of future revenue, and the potential to scale up production to meet demand going forward. Again, the total backlogs accumulated by NFI equate to 10,537 EU's- but this does not include a further 1,969 EU's that are currently awaiting formal documentation to be officially added to the backlog.



The company has also managed to consistently grow production of both HD transit buses and motor coaches to better saturate current outstanding book orders. Excluding the cyclicality of the industry, going forward we expect NFI to continue generating consistent and organic book orders as the company rolls out its zero emissions Xcelsior and J Model buses.





Porter's 5 Forces

Competition in the industry:

To complement NFI's largest production capacity in North America they also currently combine for the largest market share for bot Transit Buses and Motor Coaches in North America. Their acquisition of Orion and NABI aftermarket parts in 2013 and MCI in 2015 has allowed them to expand their aftermarket parts segment in terms of quality and variety of parts delivered and also has the top market share. Their distribution of aftermarket parts for both heavy-duty buses and motor coaches will continue to allow NFI to increase its market share and potentially attract new customers interested in purchasing newly manufactured products.

NFI currently competes with two main manufacturers for transit-bus market share currently operating in the U.S. and Canada. Gillig LLC which is privately owned and NOVA, owned by Volvo Bus Corporation. Prevost, which is also owned by Volvo Bus Corporation based in Quebec and competes with NFI in the public and private market and Van Hool, which is based in Belgium. There is a significant amount of private companies with operations based in Europe that have insignificant motor coach sales and would not comply with labor legislation in North America. Management estimates that NFI has manufactured and delivered 43% of the 88,000 transit buses and 45% of the 55,000 active motor coaches in use throughout Canada and the U.S. With manufacturing plants distributed throughout North America, NFI complies with current "Buy America" and Canadian labor legislation.

Potential of New Entrants in the Industry

With many smaller manufacturers currently competing for market share they face significant barrier when attempting to enter the market and establish market share.

The primary barriers new entrants face is establishing a track record, which includes enhanced operating processes including their supply chain and building long-term relationships with the limited number of major customers. Additionally, there is a need for a significant amount of capital investment and financial stability, and the requirement of a sophisticated supply network.

Market share in the industry is heavily reliant on compliance of "Buy America" and Canadian labor legislation before being able to even be considered when selling to public markets. Pricing strategies could potentially cause some market penetrations in the private market but would be dependent on companies' track record. New entrants would likely be focused on ZE technology, such as battery electric vehicles for transit buses, which has been the case for Proterra with manufacturing plants in California and South Carolina, and limited interest from the Chinese market. NFI should not necessarily be worried due to the significant barriers to entry.

Power of New Suppliers

With NFI being an OEM for its transit buses and motor coaches and the number one aftermarket parts supplier in the industry the main power its suppliers have would be related to commodity prices. NFI may be adversely affected by the increased cost of carbon, stainless steel, aluminum, cooper, resins and oil-based products. If these costs were to significantly increase, NFI's profit margins could decrease in situations where they have multi-year fixe contracts with customers.

Power of Customers

The ATFA reported that the average fleet age of heavy-duty buses in North America has decreased from 8.0 years in 2011 to 7.8 in 2016, largely due to the production capabilities of NFI.

In the United States, the federal government has provided funding for heavy-duty buses since 1964. Local Transit Authorities receive up to 80% of total cost with a 20% minimum commitment from local authorities. This is the result of aging fleets, and the ability to support fleet growth, which is derived from population and ridership trends.

In order for local transit authorities to receive federal funding, "Buy America" regulations require that final assembly and manufacturing must occur in the U.S, and that the bus or coach must contain a minimum 60% United States content by cost. FAST increased "Buy America" content requirement for rolling stock to 65% in 2018 and 70% in 2020. One of the main reasons that decrease prices at which NFI buses are sold at is due to the "Local Content Biding Preference in the United States" This states that

the valuation scores of bids are geared towards both by the amount of content by cost that was created locally as well as the amount of jobs it will create when manufacturing these buses. Also in Canada, buses that receive provincial funding must contain of minimum 25% content by cost. Although we are not their current supplier, TTC has also implemented a policy that 50% of assembly labor costs for new transit buses purchased by TTC comprise of Canadian Labor.

Threat of Substitutes

Although there has been a consistent increase in aggregate demand for public transit use, there is no guarantee that public funding and grants will continue, forcing municipal and provincial transit authorities to continue operating an aging fleet of buses. The substitution to ZEB is inevitable however this will be a long-term process due to the cost and implementation; however, NFI has already captured 85% of the ZEB market share. From an external perspective there is no significant threat for other products being manufactured locally by other companies expect new entrants in the industry.

Risks and Headwinds Going Forward

There are many related internal and external risks that can adversely affect NFI. One of the main market factors that matter most is the uncertainty that federal funding will continue to be made available to local transit authorities as 80% of the funding provided to local transit authorities comes from the federal government. Additionally, NFI's acquisition of MCI has allowed to tap into the private market for motor coach sales however due to unpredictable buying habits of private customers' motor coach sales would most likely underperform in a recession.

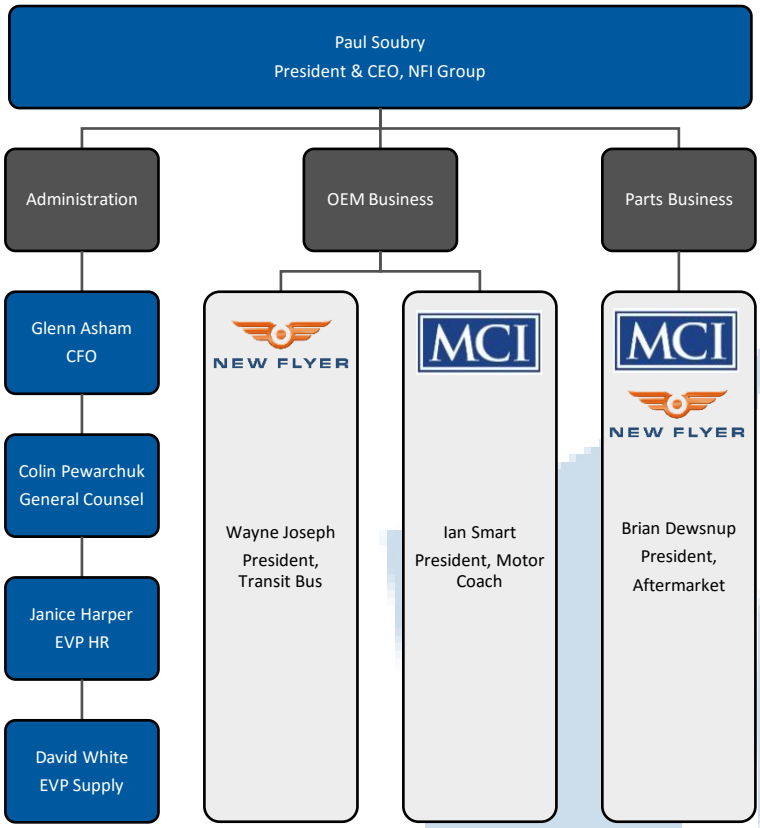
Since NFI reports all earnings in USD- and due to the geographic nature of where their products are sold, fluctuations in the exchange rate of Canadian and United States dollars will affect the company's reported results. To ensure Canadian outflows are not exceeding inflows, management has and is consistently reviewing their current hedging strategy to minimize the effects of these fluctuations. Additionally, many of its primary competitors operate solely in the U.S and a strengthening of the Canadian dollar weakening their competitive standing.

As the costs of both NFI's transit buses and motor coaches are financed an increases in the interest rate price would negatively affect NFI. There would be increases in the cost of financing and effective total cost of transit-buses and motor coaches, which may decrease the overall market and total volume sold by the company. The production and manufacturing processes at NFI heavily depend on interrelated jobs in the supply chain. This means that the six jobs within the supply chain need to be able to handle increasing line rates as delays from a supplier will slow down the manufacturing timeline. To mitigate these supply chain related risks, management will only increase line rates as they have for 2018 with confidence that it is sustainable. Lastly, the uncertainties regarding trade policies among Canada and the United States may have a significant effect on company operations which are highly integrated throughout both countries.

Management Overview

Management

Executive Management throughout New Flyer Industries is steady. Some of the notable executives at NFI are Paul Soubry, Wayne Joseph, Ian Smart, Brian Dewsnup, and Glen Asham.



Paul Soubry

As the current President and CEO, Paul has been with the company since 2009 and has over 24 years of experience in the industry. He has been inducted in the CME manufacturing hall of fame and has played a pivotal role in improving their manufacturing process.

Wayne Joseph

Wayne brought 40 years of industry experience when he joined NFI in 2008. He is the current president of transit bus operations and original equipment manufacturing.

Ian Smart

Ian joined the company in 2011 after gaining of 15 years of experience in the aerospace and aviation industry. After his role of EVP of Aftermarket parts, he transitioned to his current role as President of Motor coach

Brian Dewsnup

Brian was the former CFO NABI, the target company of NFI and is currently the President of Aftermarket Parts. IT

Glen Asham

After joining NFI in 1992 Glen obtained his CPA while working at Deloitte providing services in accounting, auditing and taxation, and is the NFI's current CFO.

Top Share Holders

	Holder Name	Position	Latest Change	% Out
1	MARCOPOLO SA	6,587,834.00	-	10.47%
2	PRINCIPAL FINANCIAL GROUP INC	2,580,955.00	47,800.00	4.10%
3	MAWER INVESTMENT MANAGEMENT	1,530,170.00	(215,400.00)	2.43%
4	MD FINANCIAL MANAGEMENT INC	1,527,293.00	152,980.00	2.43%
5	VANGUARD GROUP	1,128,008.00	122,559.00	1.79%
6	MANULIFE FINANCIAL CORP	1,038,515.00	(40,717.00)	1.65%
7	MONTRUSCO BOLTON INVESTMENTS INC	938,099.00	(44,648.00)	1.49%
8	BANK OF MONTREAL	824,557.00	(27,192.00)	1.31%
9	IA CLARINGTON INVESTMENTS	778,672.00	(41,321.00)	1.24%
10	COLISEUM CAP MGMT LLC	721,785.00	763.00	1.15%

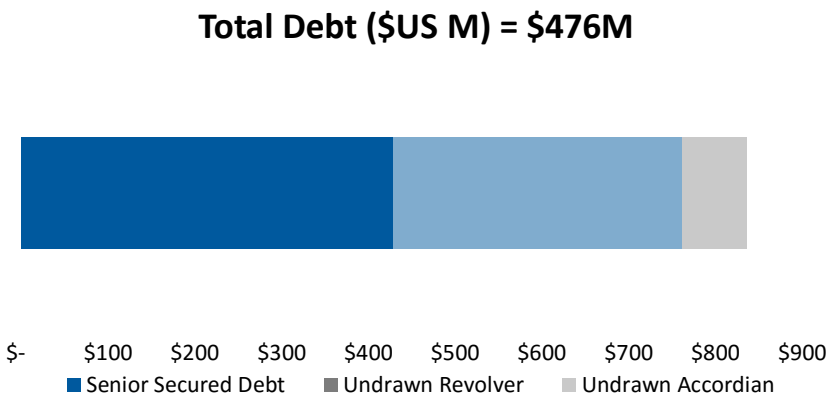
Capital Allocation

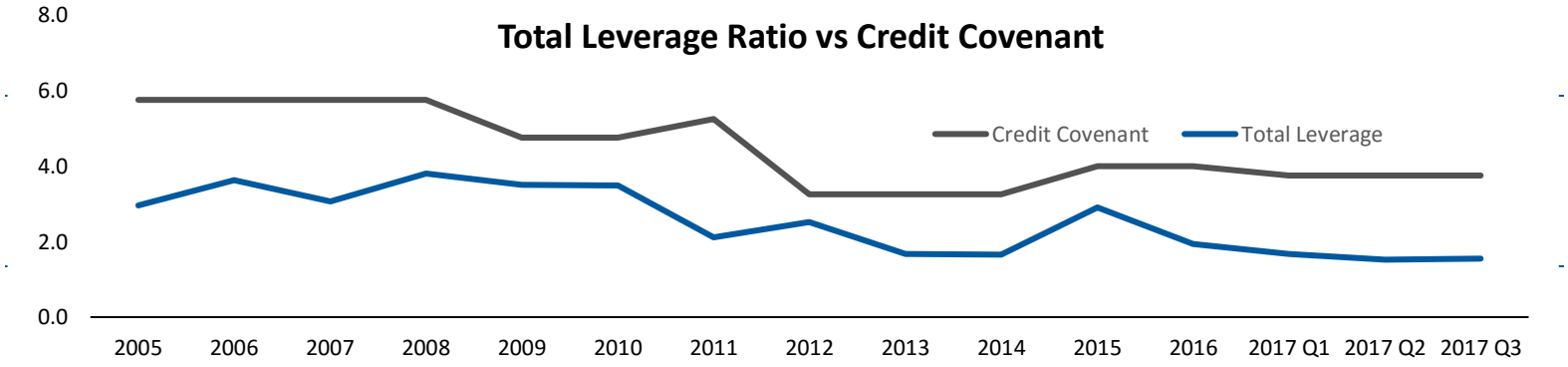
NFI has established a capital allocation policy which maintains financial flexibility, invests in their current operations providing future growth, and high return on capital.

Invest in Current Business and Growth	Maintain Balance Sheet Flexibility	Return Capital to Shareholders
• Four Acquisitions made from 2010 to 2015 • Growth through acquisition to improve quality, and cost effectiveness through lean manufacturing • Vertical integration to enhance procurement and supply chain	• Aiming at 2-2.5 leverage ratio • Capacity to take on leverage supported by strong cashflow generation	• Dividend has been growing since IPO in 2005 • 5 year dividend growth of 7.29% • 3 year dividend growth of 24.36%

Management uses high liquidity to facilitate a high amount of leverage used to make acquisitions. This will decrease production costs through lean manufacturing techniques and better inventory management systems. Due to the fluctuations of contracts with customers, the company's accounts receivable is not always predictable. This may require NFI to use leverage to finance its working capital requirements, however, a strong and steady cash flow generation puts NFI in a good position to service debt. Additionally, motor coach sales tend to be seasonal, which requires NFI to have scheduled shutdowns in the first and third quarter of each year, while increasing investment in inventory to meet end of the year demand. Increasing efficiency in inventory management will help tackle this problem.

As of October 1st, 2017 their liquidity position of $349.6M was comprised of $15.4 available cash and $334.2 under the revolver, compared to a liquidity position of $268.1M at the beginning of the year primarily due to improved cash flow from operations. NFI's long-term debt target is to maintain leverage between 2/2.5 times EBITDA however for acquisitions that would decrease leverage such as NABI-Optima holdings Inc. in 2013 and in 2015 with MCI they would consider increasing that target. NFI plans





Discounted Cash Flow Analysis

For our revenue forecasts, we assumed a modest revenue growth of 2.42% over the next five years, in alignment with TD's forecasts. While manufacturing grows at a low rate, the aftermarket is expected to grow at a 5 year CAGR of over 17%. This is due to a large backlog which will create deferred revenue extending over the next three years. Based on our comps universe including GM, Ford, and Volvo, we calculated an average industry delivered Beta of 0.75 and came up with a weighted average cost of capital of 11.9%. We assume a perpetual growth rate of 2.0% justified by growth through acquisitions leading to higher future orders, and strong growth in the aftermarket sector due to industry leading zero emissions technology.

Based on our assumptions, we project strong cash flow generation moving forward which will support New Flyer's growth through acquisition strategy. We believe that the excess cash will be deployed towards strategic acquisitions aimed at vertical integration to help strengthen New Flyer's supply chain and procurement channel. We value New Flyer at an enterprise value of $3.95 billion CAD. Our base case target price of $62.25 implies a 27.3% upside which is in line with the industry average of $61.00. We think the premium is justified based on New Flyer's dominance in the zero emission buses industry and its unique position to win transit contracts for both emission free and electric buses in the future. Our bear case scenario produces an upside of 22% at $59.72 and bull case produces an upside of 33% with a target price of $65.05.

FCF Build Up

Fiscal year	2014A	2015A	2016A	2017P	2018P	2019P	2020P	2021P
Fiscal year end date	*12-31-14*	*12-31-15*	*12-31-16*	*12-31-17*	*12-31-18*	*12-31-19*	*12-31-20*	*12-31-21*
EBITDA	0	131.608	282.87794	323.077	332.669	345.918	342.916	349.170
EBIT	56.998	93.55	212.909	254.000	274.000	282.000	279.028	287.012
Tax Rate	28.88%	28.83%	35.55%	34.85%	34.87%	34.87%	34.87%	34.87%
EBIAT (NOPAT)	**40.54**	**66.57**	**137.21**	**165.47**	**178.47**	**183.67**	**181.73**	**186.92**
Depreciation & Amortization				69.08	58.67	63.92	63.89	62.16
Stock Based Compensation				0.90	1.28	1.33	1.35	1.36
Deferred Income Taxes				79.70	86.70	89.50	88.46	91.26
Other Non-Cash Adj				-	24.50	24.50	24.50	24.50
Change in Net Working Capital				(69.05)	3.61	(33.15)	(5.41)	(20.66)
Unlevered CFO				**246.11**	**353.23**	**329.76**	**354.53**	**345.54**
Less: Capital Expenditures				(24.42)	(24.18)	(23.94)	(23.70)	(23.46)
Less: Purchases of Intangible Assets				0	0	0	0	0
Unlevered FCF				**221.68**	**329.05**	**305.82**	**330.83**	**322.08**
					48.4%	(7.1%)	8.2%	(2.6%)
Discount Factor				16%	116%	216%	316%	416%
Assume CF Generated at:	Middle of period							
Mid Period Adjustment Factor	105.8%			16%	100%	100%	100%	100%
PV of Unlevered FCF				219.72	305.61	253.87	245.46	213.59

Perpetuity approach	
Normalized FCF in last forecast period (t)	345.54
Normalized FCF^{t+1}	352.45
Long term growth rate (g)	2.00%
Terminal value	3763.73
Present value of terminal value	2357.59
Present value of stage 1 cash flows	1237.79
Enterprise value	3595.38
Implied TV exit EBITDA multiple	

Exit EBITDA multiple approach	
Terminal year EBITDA	349.170
Terminal value EBITDA multiple	8.50
Terminal value	2,967.949
Present value of terminal value	1,859.112
Present value of stage 1 cash flows	1,237.795
Enterprise value	**3,097**
Implied TV perpetual growth rate	*2.321%*

Fair value per share	Perpetuity	EBITDA
Enterprise value	3,595	3,097
Less: Net debt	(541)	(541)
Less: Trapped cash	0	0
Equity value (USD)	**3,054**	**2,556**
Diluted shares	62.800	62.800
Equity value per share	**$62.25**	**$52.09**
Market premium / (discount) to fair value	(21.4%)	(6.1%)

Cost of capital assumptions	
Cost of debt	4.2%
Tax rate	34.9%
After tax cost of debt	2.7%
Risk free rate	0.7%
Beta	1.20
Market risk premium	8.0%
Cost of equity	10.3%

Capital weights	Amount	% of total
Market value of equity	3,070.9	121.4%
Net debt	(541.2)	(21.4%)

Cost of capital (WACC)	**11.9%**

Long term growth rate

$62.25	1.0%	1.5%	2.0%	2.5%	3.0%
13.9%	47.70	49.25	50.94	52.77	54.78
12.9%	52.15	54.03	56.08	58.32	60.80
11.9%	57.42	59.72	62.25	65.05	68.17
10.9%	63.75	66.62	69.81	73.39	77.41
9.9%	71.51	75.17	79.29	83.97	89.33

Exit EBITDA Multiple

$52.09	6.5x	7.5x	8.5x	9.5x	10.5x
13.9%	40.39	44.53	48.67	52.81	56.95
12.9%	41.75	46.05	50.34	54.64	58.94
11.9%	43.18	47.63	52.09	56.55	61.01
10.9%	44.66	49.29	53.92	58.54	63.17
9.9%	46.21	51.02	55.82	60.63	65.43

					Price to Earnings			EV/EBITDA			Return on Equity			
	Name	Price	Market Cap	Ent. Value	T12M	2017E	2018E	T12M	2017E	2018E	Current	3Y Avg	5Y avg	Yield
Average		$63.57	46,424.59		34.20	20.58	16.80	48.21	12.18	9.13	16.54	13.77	14.34	1.31%
NFI CN Equity		**$48.22**	**3,034.5**	**2,842.6**	**15.22**	**15.47**	**15.10**	**9.37**	**9.20**	**8.60**	**24.20**	**13.27**	**9.83**	**2.70%**
DAI GY Equity	DAIMLER AG-REGISTERED SHARES	$69.95	74,835.1	50,164.1	7.91	7.69	7.79	2.67	2.51	2.44	16.44	16.25	16.46	4.64%
VOLVB SS Equity	VOLVO AB-B SHS	$161.70	344,262.1	445,845.1	15.70	16.04	14.79	9.69	10.12	9.60	22.28	11.97	10.91	2.01%
PCAR US Equity	PACCAR INC	$68.36	24,085.3	20,733.3	17.48	16.43	14.71	6.84	8.06	7.43	18.44	17.11	17.99	1.46%
THO US Equity	THOR INDUSTRIES INC	$154.90	8,149.7	8,077.7	19.31	17.41	15.75	11.15	10.11	9.21	28.17	22.62	20.91	0.96%
NAV US Equity	NAVISTAR INTERNATIONAL CORP	$39.61	3,891.0	6,282.0	-	-	19.59	14.09	12.00	8.06	-	-	-	0.00%
WGO US Equity	WINNEBAGO INDUSTRIES	$54.30	1,727.1	1,966.1	21.80	18.70	16.13	12.49	11.48	9.96	20.09	19.54	20.73	0.73%
POMO4 BZ Equity	MARCOPOLO SA-PREF	$3.79	3,243.4	4,052.3	132.71	36.10	19.64	339.76	27.76	14.89	1.41	10.34	15.18	0.00%
BLBD US Equity	BLUE BIRD CORP	$19.25	466.5	619.2	14.14	15.91	13.04	10.43	9.02	7.35	-	-	-	0.00%
SPAR US Equity	SPARTAN MOTORS INC	$15.65	551.1	551.5	44.51	36.40	29.74	26.81	18.57	13.18	8.98	(1.43)	(1.81)	0.64%

Analyst Targets

Consensus

Analyst consensus is overall bullish on NFI, with an average price target of $61/share. We feel that our relatively conservative forecasts imply a fair price target

Firm	Analyst	Recommendation	Target Price	Date	1 Yr Rtn
TD Securities	Daryl Young	buy	61.00	11/17/17	12.44%
National Bank Financial	Trevor Johnson	outperform	62.00	11/12/17	18.56%
BMO Capital Markets	Jonathan Lamers	market perform	57.00	11/10/17	
GMP	Stephen Harris	buy	64.00	11/10/17	18.56%
AltaCorp Capital Inc.	Chris Murray	outperform	64.00	11/10/17	18.56%
CIBC World Markets	Kevin Chiang	outperform	59.00	11/09/17	18.56%
Scotia Capital	Mark Neville	sector outperform	59.00	11/09/17	18.56%